

# Annual Report

## Financial year 2015-2016



**ANNUAL REPORT**

**Harry Gwala District Municipality Council**

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## GLOSSARY OF TERMS AND ABBREVIATIONS

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>AR</b>	Annual Report
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>BDS</b>	Blue Drop Status
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>DBSA</b>	Development Bank of Southern Africa
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>DMA</b>	District Management Area
<b>DoT</b>	Department of Transport
<b>DWA</b>	Department of Water Affairs
<b>EXCO</b>	Executive Committee
<b>F/Y</b>	Financial Year
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice

<b>GDS</b>	Green Drop Status
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally
<b>GRAP</b>	Generally Recognized Accounting Practice
<b>HR</b>	Human Resources
<b>IGR</b>	Inter-Governmental Relations
<b>LED</b>	Local Economic Development
<b>LGSETA</b>	Local Government Sector Education and Training Authority
<b>MDG</b>	Millennium Development Goals
<b>MFMA</b>	Municipal Finance Management Act
<b>MSA</b>	Municipal Systems Act, 32 of 2000
<b>MTAS</b>	Municipal Turn Around Strategy
<b>NTP</b>	National Transferee Programme
<b>PMS</b>	Performance Management System
<b>RPMS</b>	Regulatory Performance Management Systems
<b>SDL</b>	Skills Development Levy
<b>HGDM</b>	Harry Gwala District Municipality
<b>VAT</b>	Value Added Tax
<b>WSDP</b>	Water Services Development Plan
<b>WSMP</b>	Water Services Master Plan
<b>WSP</b>	Workplace Skills Plan

## Chapter 1 – Mayor’s Foreword and Executive Summary

It is that time of the year again, where South African municipalities reflect and take stock of the year that was. Let me take this opportunity to extend my sincere greetings to all our community members, stakeholders, the municipal administration and the Council at large. It is indeed a great honour to once again take you back to the previous financial year, 2014-2015. We do this in full honor of the law as mandated by Chapter 4 of the Municipal Systems Act No. 32 of 2000. Section 16 (1) of the same act holds that, a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose-

- (a) Encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in-
  - (111) The monitoring and review of its performance, including the outcomes and impact of such performance.

Before my conclusion I will briefly outline to you how we engaged with the public to ensure full adherence to the legislative prescript but also to enhance and deepen our democracy through public participation.

Harry Gwala District Municipality (HGDM) remains committed to its vision which proclaims that “By 2030 Harry Gwala District Municipality will be a leading Water Services provider in the KZN Province with its communities benefitting from a vibrant agriculture and tourism sectors”. In order to realise this long term vision, on an annual basis as a municipality we set strategic objectives and goals as which are intended to be used as building blocks towards our vision. Our strategic goals are clear and are achievable. These strategic objectives cater for Basic Service Delivery, Municipal Transformation and Organizational Development, Good Governance and Public Participation, LED and Social Development and Cross Cutting Issues.

The above strategic objectives are linked to Section 152 (1) (b) of the Constitution of the Republic of South Africa, Act No. 108 of 1996. They have further taken note of the National Development Plan and the Provincial Growth and Development Plan. These National and Provincial perspectives give guidance to municipalities in terms of service delivery imperatives. We are enjoined by the laws of the land to deliver basic services to our communities. For these strategic objectives to be realized, on annual bases we need to allocate budget which will be able to realize each of them.

However over years huge financial and human resources challenges have adversely affected the speed in which we would like to deliver basic services. Regardless of the various limitations this council remains unshaken in its quest of realizing the 2030 vision and in transforming the lives of its people for the better.

### **Public Participation**

Government consults and involves communities in discussion about projects and programs that directly affect their lives. At an individual level, citizens have a right to hold government to account

for, and acquire reasons for government decisions that directly affect them. The following public participation methods were employed to improve public participation.

**Methods used to improve public participation**

- Integrated Development Plan/ Budget Road Shows
- Mayoral Road Shows
- Print and air media
- Meetings with ward committees
- Meetings with community stakeholders
- Meetings with Operation Sukuma Sakhe Stakeholders

The task ahead is not easy, the road at times may seem insurmountable but the support that you as members of the public have displayed has surely strengthened us. Indeed we can now see the light at the end of the tunnel. The future is now brighter and warmer. On behalf of Harry Gwala District Municipal Council, I would like to further extend my sincere gratitude to the highest echelon of our administration and the entire Harry Gwala District Municipality staff for their continued support and the hard work that they have displayed in the 2015-2016 financial year .In addition I would like to acknowledge and commend good working relations demonstrated by the Councilors as is always driven by common desire to serve our people I trust that in the 2016-2017 financial year efforts will be doubled.

It is our wish that even the new Council that will be sworn into office after the 3<sup>rd</sup> of August 2016 receives the same kind of support and guidance from everyone so that we advance the service delivery programs of our District to the satisfaction of our communities within Harry Gwala District .

I thank you

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The honorable Mayor

Cllr ME Ndobe

## **COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW**

### **LEGISLATIVE FREMEWORK**

The Local Government: Municipal Finance Management Act No. 56 of 2003, seeks to promote secure, sound and sustainable management of the financial affairs of municipalities by establishing norms and standards for the Local sphere of Government. Moving towards a better understanding of the municipal landscape, it is necessary to remain in keeping with the prescribed financial framework that will assist municipalities in analysing and subsequently providing an overview of progress and development in the form of an annual report.

Chapter 12 of the Local Government : Municipal Finance Management Act outlines the importance of Financial Reporting and Auditing which includes the preparation and adoption of annual reports in municipalities and municipal entities for each financial year. It is a legally mandated obligation that a Council of a municipality must deal with the annual report and municipal entity under the sole or shared control within nine months after the end of the financial year, in accordance to section 129 of the MFMA.

The impetus or driving force behind the preparation of an annual report in accordance to chapter 121 (2) of the MFMA is to provide a record of the activities which are in relation to the report, as and when they have occurred during the particular year that is in question in a municipality or municipal entity. Such a report gives a written account for that financial year on performance against the budget of the municipality or municipal entity. All municipal actions and decisions throughout the year are expected to be justifiable to the local community.

After the end of each financial year, section 127 (2) of the MFMA requires that the Mayor must table the annual report of the municipality and of any municipal entity, under the sole or shared control, in the municipal Council.

Section 127 (5) (a) stipulates that the accounting officer of a municipality must:

(a) In accordance to section 21A of the Municipal Systems Act-

(1) Make public the annual report; and

(11) invite the local community to submit representations in connection with the annual report; and

(b) submit the annual report to the Auditor General, the relevant Provincial Treasury and the Provincial Department responsible for Local Government in the Province.

### **STRATEGIC PLANNING**



When reference is being given to social responsibility, we need to know exactly what we intend to do in our community organisations in order to restore social equilibrium. The setting of goals is an important factor in the development of a municipality in the form of practical application. The Integrated Development Plan is a strategic plan of action which becomes an instrument that a municipality uses to shape its communities so that they enter into a mode of economic transformation and change, rather than to remain neutral. The IDP provides guidance by promoting the ability to lead the municipality to thoroughly take over the responsibility of developing the social fibre of its communities. The Municipal Budget, in conjunction with the IDP are of paramount importance when the Annual report is under preparation.

#### DEMOGRAPHIC PROFILE

Harry Gwala District Municipality consists of five Local Municipalities which fall under its jurisdiction. These municipalities include Ubuhlebezwe, Umzimkhulu, Greater Kokstad, Ingwe and KwaSani local municipalities.

#### FINANCIAL HEALTH

During the 2015/2016 financial year, the District Municipality received an unqualified audit opinion with less matters of emphasis as compared to the 2013/2014 financial year. Quite a number of initiatives were entered into by the municipality so as to further improve and strengthen internal controls. The existence of the Municipal Public Accounts Committee, the Audit Committee, the establishment of the Risk Management Unit and the existence of an even stronger Internal Audit Unit created the existence of internal stability.

The 2015/2016 financial took a turning point as it was a financial year which was hard hit by drought which subsequently affected the municipal budget. Huge financial outflow was as a result of the engagement of Water Tankers to assist communities with water which suddenly became a scarce resource more than ever before. The District has continued in dealing with its service delivery objectives of providing water to the communities despite the challenges of drought.

The District embarked on a process of the co-ordination of the amalgamation of two of its local municipalities, namely Ingwe and KwaSani local municipalities that were successfully merged prior to the local government elections into one municipality as a result of the re-determination of municipal boundaries. The process ran smoothly as a result of structures such as the Technical Change Management Committee and the Political Management Committee.

Most of our Infrastructure projects are multi-year in nature and it is hoped that upon completion, they will result in a change in the lives of the citizens of Harry Gwala District with regards to the availability of water.

The 2015/2016 financial year marked 15 years of democratic government coinciding with the 1<sup>st</sup> anniversary of the implementation of the Back to Basics Programme. This was marked by a celebration flame which circulated the ten Districts within the KZN Province.

In closing, I would like to extend my heart-felt gratitude to the our Municipal leadership including the Council, the Executive Committee, Portfolio Committees and Management as a whole, notwithstanding our communities for their support.

I thank you

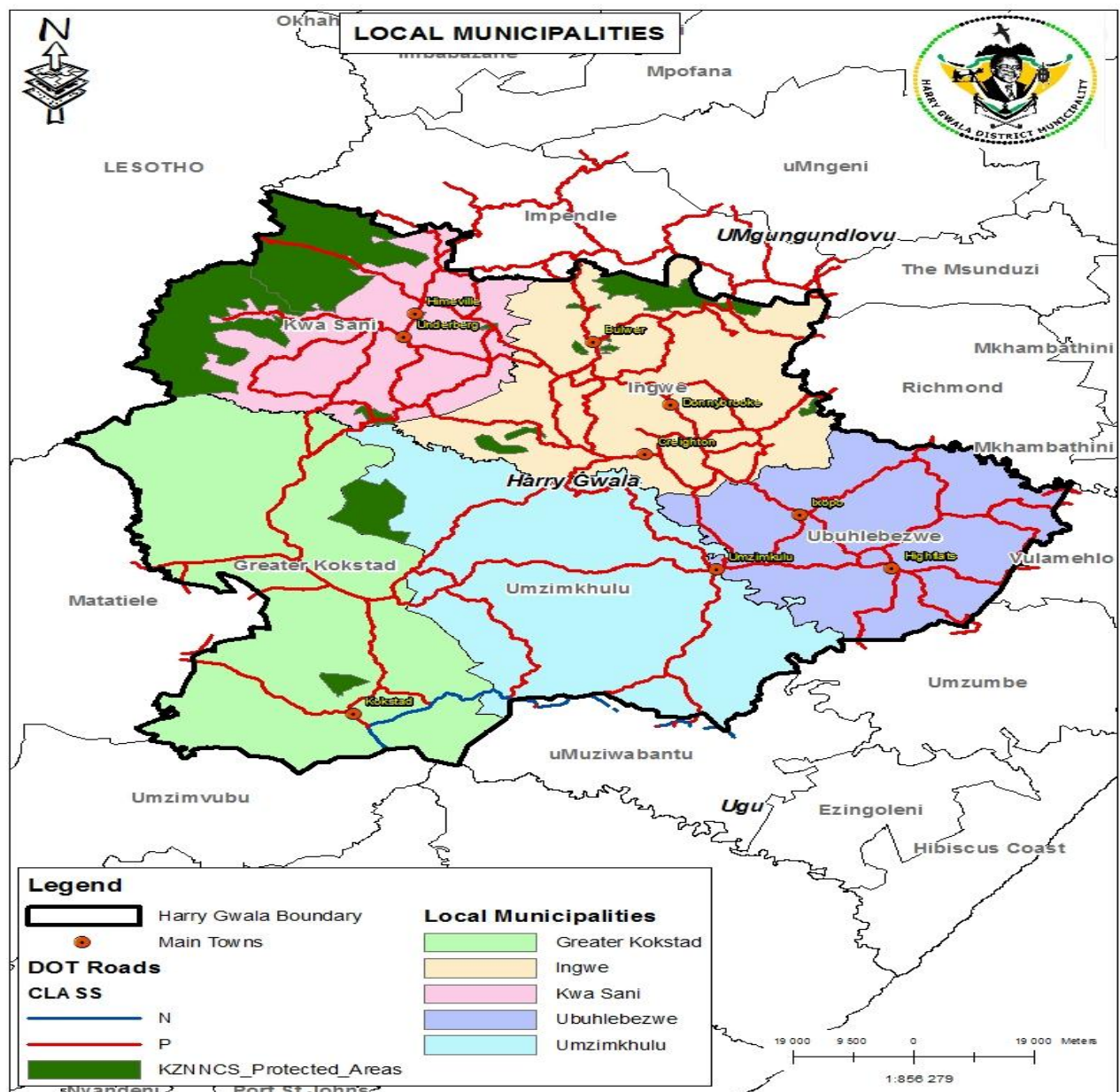
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Municipal Manager

Ms. AN Dlamini

## 1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

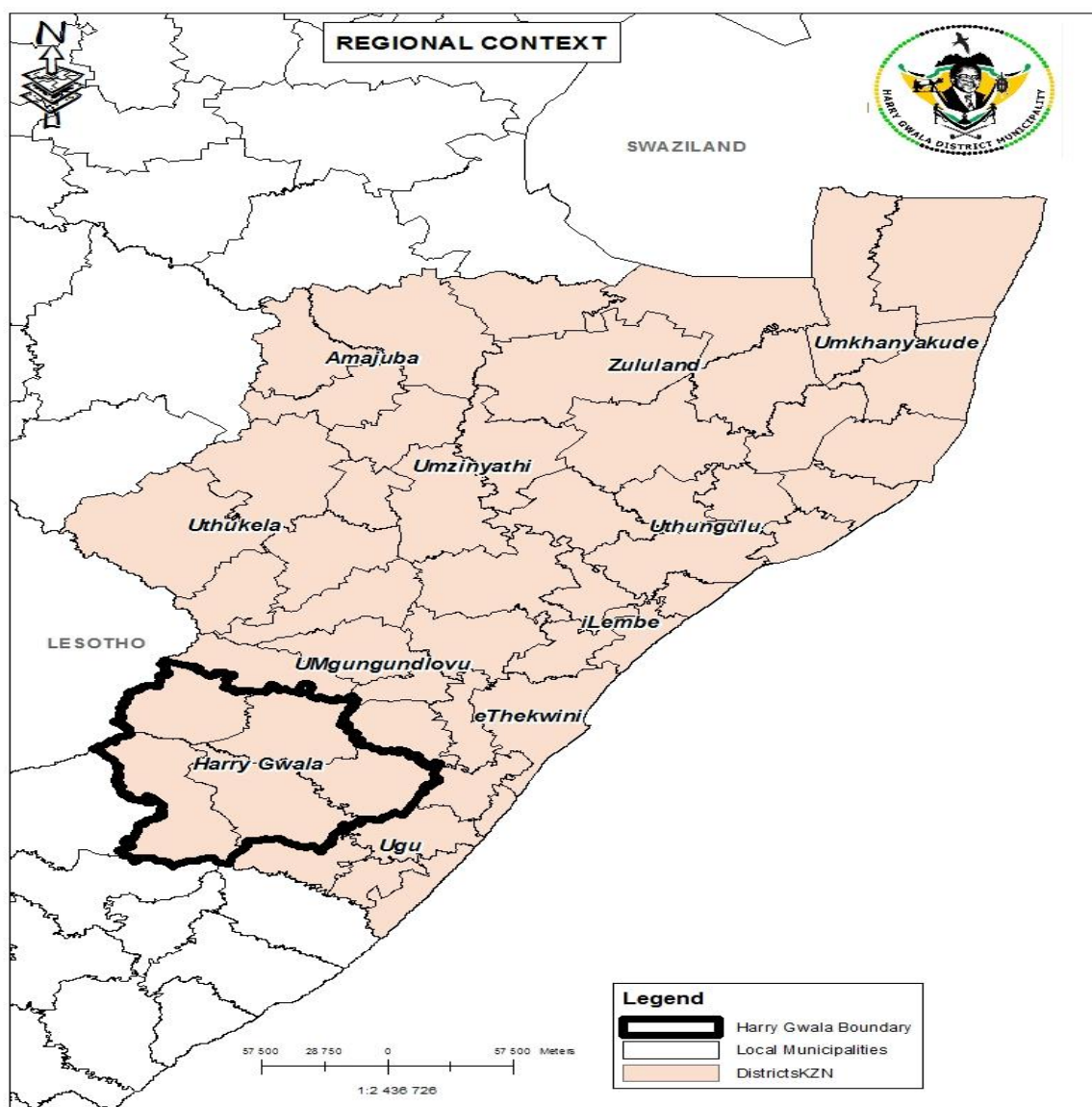
The Harry Gwala District Municipality (DC43) is located in the South West of the KwaZulu-Natal province. Its population is sparsely spread throughout an area of 11, 127, 9 square kilometers. The Harry Gwala District municipality forms part of the border between KwaZulu-Natal and Eastern Cape provinces. The District Management Area (DMA) is located to the West of the District and forms part of the border between the KwaZulu-Natal Province and Lesotho. The Harry Gwala District Municipality is composed of the following five local municipalities: Ubuhlebezwe, Ingwe, Kwa-Sani, Greater Kokstad and Umzimkhulu.



## Provincial Location Context

The Harry Gwala District Municipality is one of the ten District Municipalities that forms part of the KwaZulu-Natal Province. It is located at the extreme south of the Province. The Harry Gwala District Municipality is bordered by the following District Municipalities: UThukela to the North; Umgungundlovu to the North East; Alfred Nzo and Ugu to the South East.

The location of the District in relation to the aforesaid District municipalities means that, any planning and development-taking place in each District will have an impact on the neighbouring Districts. It is therefore imperative to align planning and development activities between the Harry Gwala District Municipality and the respective District Municipalities.



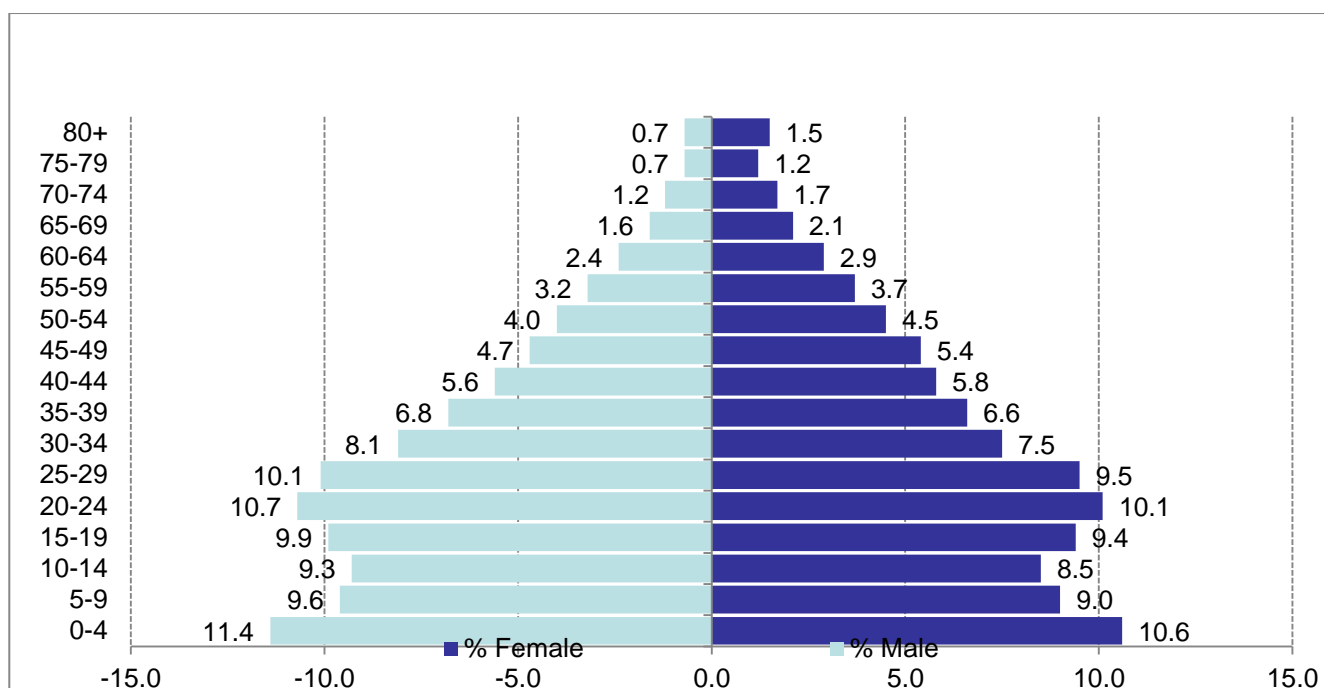
## Demographic Profile

The District Municipality forms part of the boarder between KwaZulu-Natal and Eastern Cape Province. The District Management Area (DMA) is located to the West of the District and it forms part of the boarder between the KwaZulu-Natal Province and Lesotho (Harry Gwala IDP). It includes the southern most part of the UKhahlamba Drakensberg National Park adjacent to Lesotho and borders Eastern Cape Province in the west. The municipality area size is 11 127. 89,997 km<sup>2</sup> (COGTA). Key rivers in the district are the Umzimkhulu and Umkomaas rivers.

## Number of Wards and Traditional Authority

Municipality	Number of Wards
KwaSani Local Municipality	4
Greater Kokstad Local Municipality	8
Ingwe Local Municipality	11
UBuhlebezwe Local Municipality	12
uMzimkhulu Local Municipality	20

## Percentage distribution of the population in five-year age group by sex, South Africa, Census 2011



Source: Stats SA 2011

The population pyramid above for Harry Gwala District indicates that the district has a lot of youth. There is a broad base made up of 0-4 population group, the municipality in its planning will closely work with the Department of Education and the Department of Social Development to ensure that sufficient services are provided to this particular group, linking or introducing the group to Early Childhood Development.

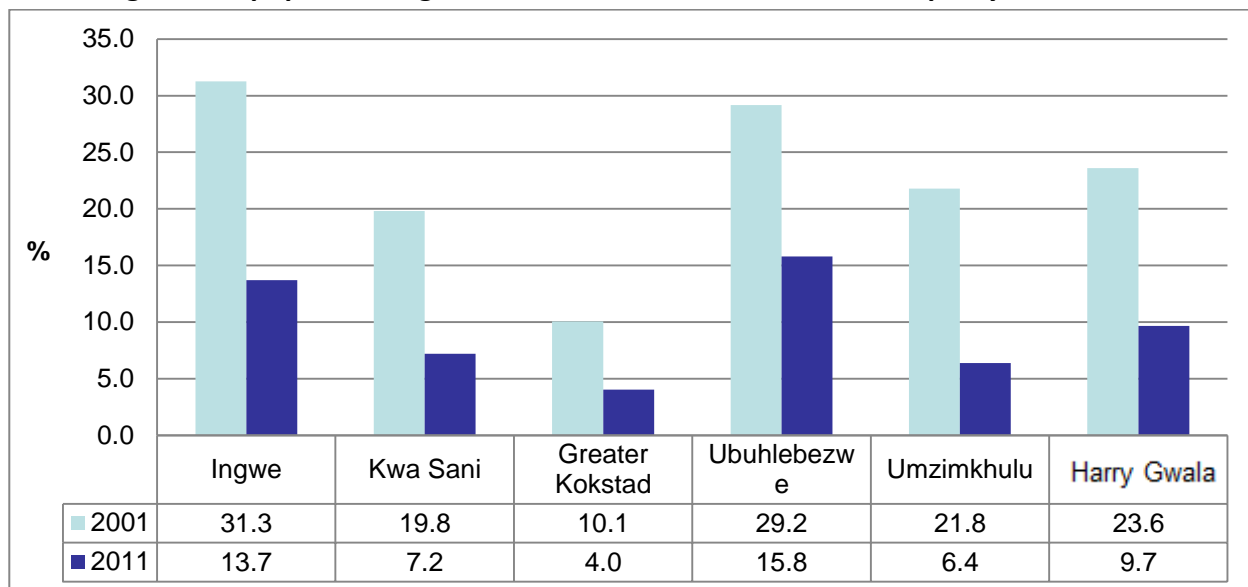
#### Primary Education between the ages of 6-13

District/Local Municipality	2001	2011
Ingwe Local Municipality	90.4%	89.5%
KwaSani Local Municipality	90.0%	74.1%
Greater Kokstad Local Municipality	85.1%	90.1%
Ubuhlebezwe Local Municipality	87.4%	89.8%
Umzimkhulu Local Municipality	90.9%	93.9%
<b>Harry Gwala District Municipality</b>	<b>89.5%</b>	<b>91.2%</b>

Source: Stats SA 2011

From the tables above it is apparent that there has been a positive growth of literacy levels with Harry Gwala District municipality over the past ten years. In 2001, there was 89.5% of people whom were able to read and write but in 2011 the percentage increased to 91%. This is a major paradigm shift when considering that only 9.7% is illiterate.

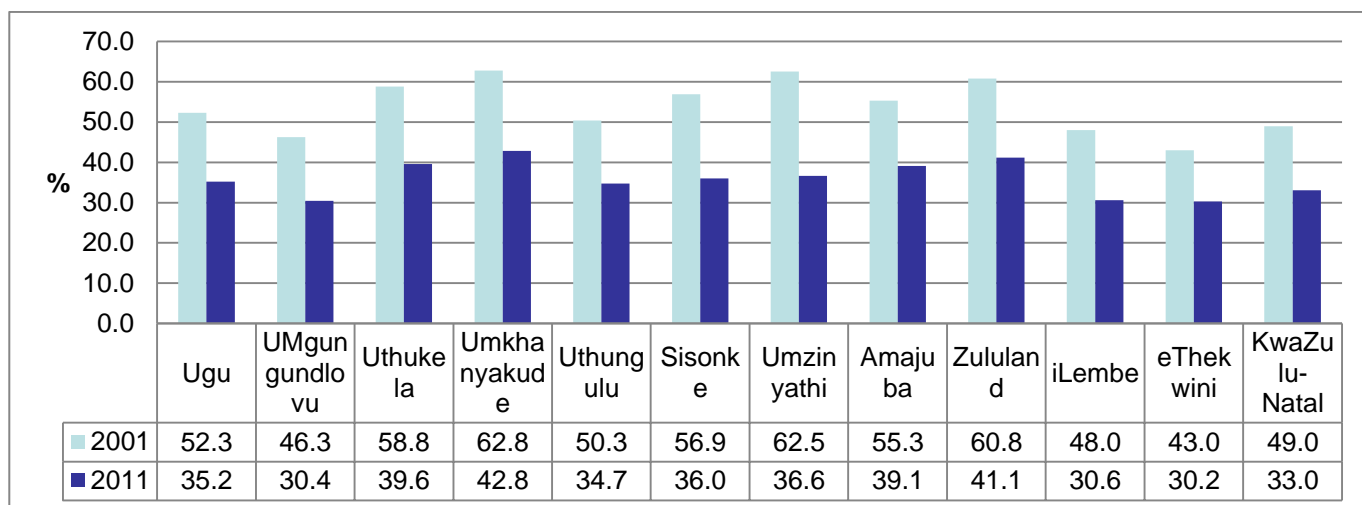
**Percentage of the population aged 20 and above in each Local Municipality with no education**



**Source: Stats SA 2011**

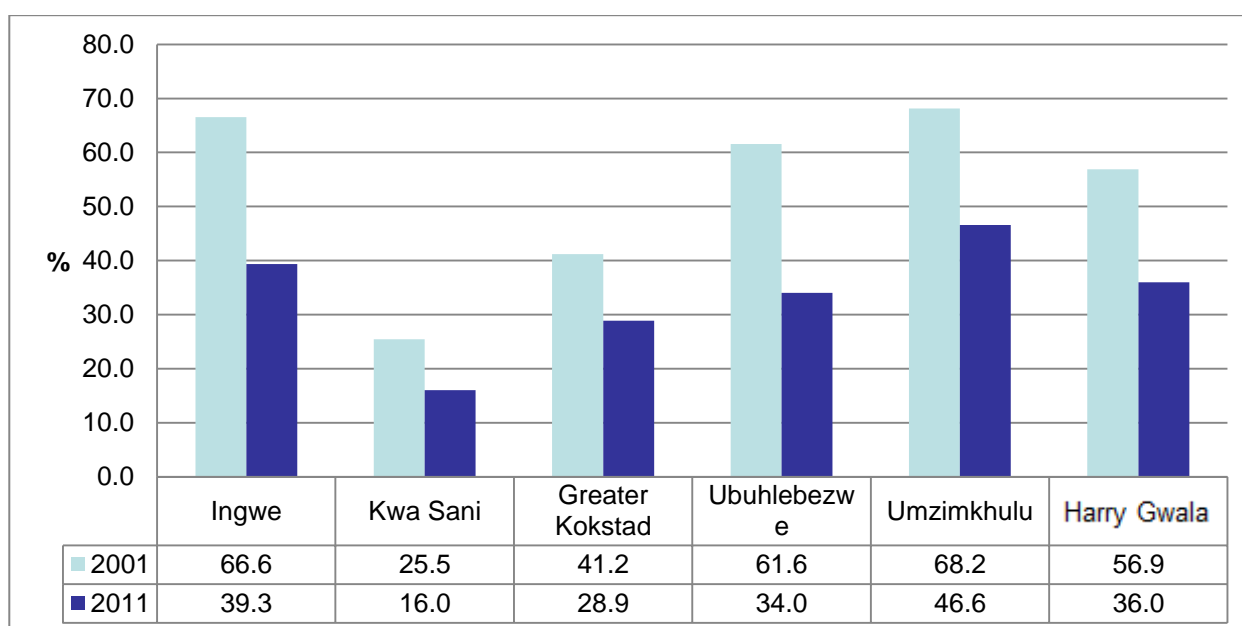
The bar graph above shows a significant shift from 23.6% in 2001 to 9.7% in 2011 in the percentage of population that is above the ages of 20 with no education. This is a clear sign that more and more young people are getting educated. This becomes a challenge for the district if there are limited places of work that will employ this generation. The district has since embarked on a journey to sensitise the business people on investment opportunities that the district offers. A Development Summit was held during FY2013-2014. It is hoped that the Development Summit will trigger investment opportunities, which will boost employment and fight poverty and inequality.

### Unemployment rate by District Municipalities in KwaZulu-Natal



Source: Stats SA 2011

### Unemployment rate by Local Municipalities in Harry Gwala District

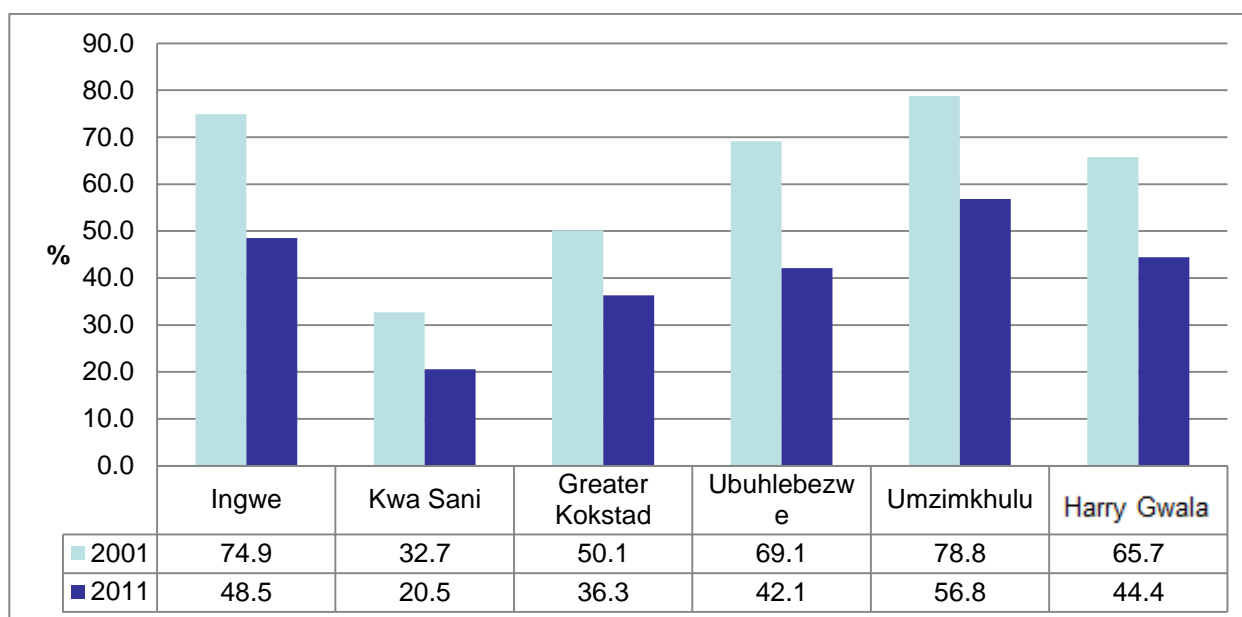


Source: Stats SA 2011

Unemployment in Harry Gwala is higher by 3% from that of the Province. This is an indication that more work still needs to be done in terms of working together with private businesses to create employment, but of critical importance to create a conducive environment where business will flourish. More money over the next five years has been invested to infrastructure development as one critical factor that will boost economic development in the district.



### Unemployment rate by Local Municipalities in Harry Gwala District Youth (15-34)



**SOURCE: Stats SA 2011**

From the bar graph above it is clear that youth unemployment is still far above that of country. Umzimkhulu, Ingwe and UBuhlebezwe local municipalities are the critical municipalities when it comes to youth unemployment. Working together with relevant stakeholders the municipality will ensure that this trend is reversed. HGDM has since developed programs in the 2013-2014 financial year, as reflected in the Section E 2 in the implementation plan that will assist youth with skills and create job opportunities.

### Labor Force

Municipality	In the formal sector	In the informal sector	Private household	Do not know	Unspecified	Not applicable
<b>Harry Gwala District Municipality</b>	<b>43294</b>	<b>10891</b>	<b>6337</b>	<b>2704</b>	-	<b>398193</b>
Ingwe Local Municipality	6333	2406	1286	798	-	89724
Kwa Sani Local Municipality	3437	713	539	741	-	7467
Greater Kokstad Local Municipality	13589	2730	2503	314	-	46845
Ubuhlebezwe Local Municipality	9180	2441	786	428	-	88855

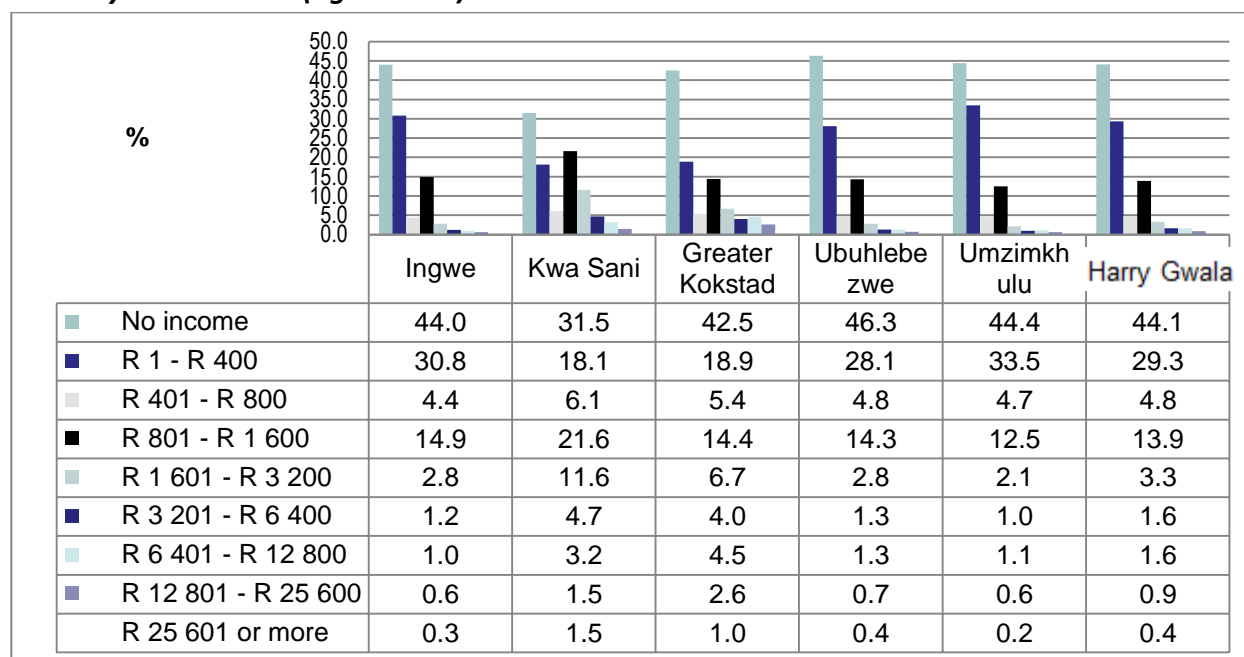
Umzimkhulu Local Municipality	10754	2601	1223	422	-	165301
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Source: Stats SA 2011

The labour force table above reveals that out of over 460 000 people that reside in Harry Gwala, just under 70 000 are employed either formally or informally. And the majority of those that are unemployed as depicted in the graphs above is the youth between the ages of 15 and 34. This indeed is a worrying factor for the District, but as mentioned in the paragraphs above the District has embarked on a number of programs to assist that situation. Offering bursaries to needy students to go study at various institutions has encouraged learners to pay more attention to scarce skills, such as, engineering. In 2013, a significant number of medical students have been sent to Cuba to study medicine.

## Poverty

### Monthly income level (ages 15-65)

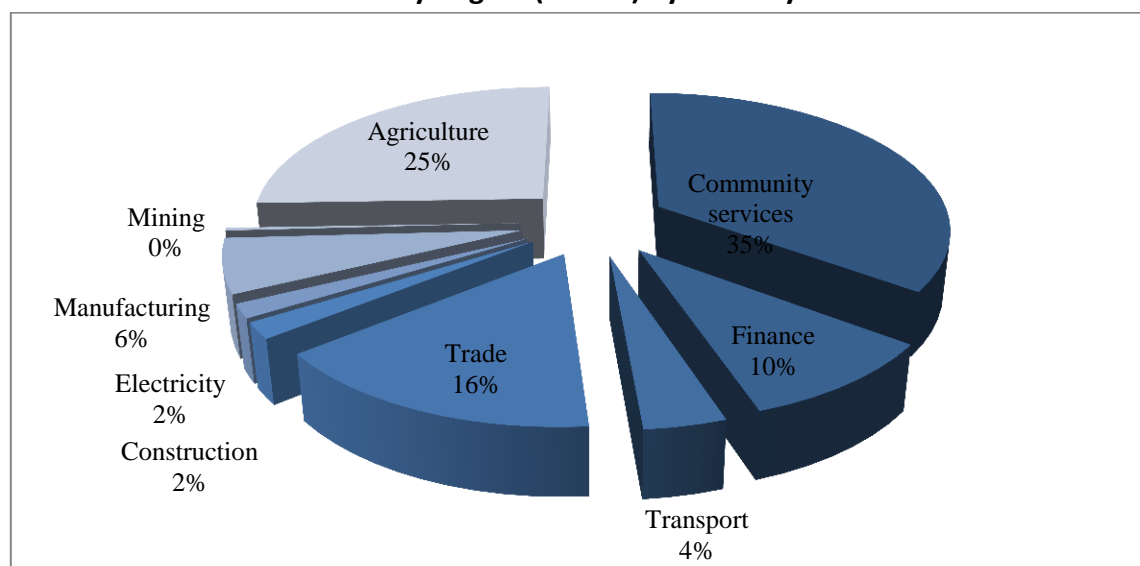


Source: Stats SA 2011

The income inequality can be observed if an income distribution is considered. The figure above depicts the distribution of employed residents across monthly income categories using the 2011 Census. It is evident that of those employed; most workers earn low levels of remuneration. Nearly 80% of Harry Gwala District workers earn R1, 600 per month or less while 40% earn R800 or less. In stark contrast, very few workers earn R122, 800 per month or more – less than 2%.

Given the above, it is not surprising that the Harry Gwala District Municipality is home to a significant number of residents who could be classified as living in poverty. In 2011, almost 350,000 residents could be classified as “poor”.

**Figure 1: Share of Gross Value Added by Region (GVA-R) by Industry**



**Source: Global Insight Meta Data 2011**

The dominant role played by agriculture in the district economy is evident. Agricultural activities within the Harry Gwala District Municipality are crop farming (i.e. potatoes and cabbages) and dairy farming. The agriculture sector is indeed one of the main sectors in the region contributing to the regional economy. There are also commercial forestry plantations that provide raw materials for wood-related products. Other suitable agricultural activities that have potential for growth in the region are carrots, maize, oats, soybeans, tomatoes, wheat, sorghum, sunflower and livestock. The agricultural sector in the Harry Gwala District Municipality has been one of the largest sectors of the district economy. Unfortunately, the sector is failing to fulfil its potential.

A trend analysis allows a greater appreciation of the make-up of the Harry Gwala District Municipality economy, particularly in light of the recent economic recession. The growing capacity of the public sector in the district can be clearly charted, with GVA of community services increasing from R 365 million in 1996 to R 1.513 billion in 2010 (an increase of over 400 %). Analysts estimated that community services will continue this rate of growth over the next four years, reaching R2.539 billion in 2015 (an increase of 168 %). In that year, community services are projected to make up almost 39 % of the district’s GVA. Agriculture, in contrast, has grown in a more haphazard and slow fashion, buffeted by the often abrupt variations of national and international markets. Indeed, it is evident that agricultural GVA in the district has declined in real terms between 2007 and 2010, no doubt in part caused by the recent financial recession. The Harry Gwala District Municipality is located outside the major manufacturing sectors of the KwaZulu Natal economy, and therefore it is not surprising

that manufacturing in the district has remained weak and effectively stagnant, showing only slow signs of growth and appreciation since 1996.

Looking into the future, growth in the agricultural sector is predicted to be relatively stagnant at 1.6 % on average for the period 2010-2015. Unfortunately, there are constraints inherent to certain economic sectors that hamper potential economic growth. For example, no matter how one might expect agriculture to expand, a completely unforeseen dry spell over a few years can have a detrimental effect. Growth in the manufacturing sector is predicted to be relatively stagnant at 2.5 % on average for the period 2010-2015.

### Crime

Area	Common assault	Common robbery	Burglary at residential premises	Burglary at business premises	Stock-theft	Drug-related crime
KwaZulu-Natal	34 753	12 812	43 860	10 722	8 457	18 410
Harry Gwala	895	295	1 546	263	982	843
Ingwe	134	39	321	51	321	164
Kwa Sani	47	4	76	19	66	62
Greater Kokstad	175	124	429	83	178	196
Ubuhlebezwe	163	50	279	76	127	333
Umzimkhulu	375	79	442	33	289	88

The table above indicates that common assault, burglary at residential premises and stock theft are a three major crime activities in the District. This is a call to all the stakeholders to critically analyse these findings and come up with remedial interventions to address the situation. The district municipality will have to work closely with SAPS and its sister municipalities to combat the scourge of crime in the district.

### 1.2. SERVICE DELIVERY OVERVIEW

The municipality is proud to indicate the achievements in this Annual Report in relation to the implementation of all the planned bulk infrastructure projects, particularly those that are funded by grants. Those projects were not affected by the inadequate financial resources. Some of the major performance achievements in the 2013/2014 financial year are as follows:

### **1.3. ORGANISATIONAL DEVELOPMENT OVERVIEW**

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five-year Integrated Development Plan.

The Harry Gwala District Municipality consists of six (6) departments, namely:

#### **i. Office of the Municipal Manager**

The functional areas of this department are, namely: Internal Audit; Risk Management; and Legal Services.

#### **ii. Budget and Treasury Department**

The functional areas of this department are, namely: Income; Expenditure; Budget & Information Systems; and Supply Chain Management.

#### **iii. Corporate Services Department**

The functional areas of this department are, namely: Administration; Council Support; Human Resource; Information Communication & Technology; and Strategic Support.

#### **iv. Social Services and Development Planning Department**

The functional areas of this department are, namely: Sport and Recreation; Special Programs; Planning and Development; Social Service; Disaster Management; and Integrated Planning & Performance Management.

#### **v. Infrastructure Services Department**

The functional areas of this department are, namely: Municipal Works; Project Management; and Technical Services.

#### **vi. Water and Sanitation Department**

The functional areas of this department are, namely: Operations & Maintenance; Water Governance; and Customer Care.

In the 2015-2016 financial year, the municipality has witnessed the following **successes**:

- ☒ Filling of all Senior Management positions with the exception of one position which was vacated towards the end of the financial year.
- ☒ Filling of most budgeted vacant positions.

- ☑ Development of ICT policies (still in draft format) with the assistance from Provincial Treasury through Ernst & Young.
- ☑ Functional Municipal Public Accounts Committee.
- ☑ Capacitation of the Municipal Public Account Committees of the family of municipalities in the Harry Gwala District.
- ☑ Functional Audit Committee.
- ☑ Functional Local Labour Forum.

While witnessing the fore stated successes, the encountered challenges outweigh them. The **challenges** that have been noted are as follows:

- ☒ Insufficient funding for filling the vacant positions.
- ☒ Huge amounts of overtime paid especially to Water and Sanitation employees due to insufficient funding for vacant positions.
- ☒ Insufficient funding for capacity building (training and bursaries).
- ☒ Poor capacity in the Information Communication and Technology section.
- ☒ Longer period taken to fill in budgeted vacant positions.
- ☒ Inadequate office accommodation and parking for Councillors and Employees.
- ☒ Lack of funding for employee compounds for Water and Sanitation employees.
- ☒ Inability to meet certain performance targets due to insufficient funding.

The Delegations of Authority were developed and approved by Council in May 2012. The Council, Office of the Mayor, Office of the Deputy Mayor and the Office of the Speaker have been delegated powers. Each Committee of Council has also been delegated powers within which it will perform its functions and all Senior Managers including the Municipal Manager have also been delegated powers by Council.

#### 1.4. FINANCIAL HEALTH OVERVIEW

**LIQUIDITY ANALYSIS:** The liquidity analysis of the municipality shows remarkable improvement from the period 2011/12 to the current financial period. With just 4 months of current assets to meet every R1 of current debt owed in 2011/12, 2014/15 and 2015/2016 reported an increase of this trend to 24 months in current assets for every R1 of current liabilities owing. Although this ratio was still below the norm of R2 of current assets for every R1 of current liabilities, the 257% improvement in this ratio is concrete evidence on improving financial health of the municipality.

**COLLECTION:** Collection amount has decreased from R39m to R34m in 2015/2016. This is as a result of drought consequential in low consumption as well as a decline in revenue collection. The dilapidated infrastructure has negative impact on our billing and collection. The development of indigent register will also improve our collection which is on the final stage of development.

**SCM:** Bid committees are fully functioning. Procurement plan was implemented

Financial Overview 2015-2016			
			R'000
Details	Original Budget	Adjustment Budget	Actual
Income	R 5 343 000	R 4 473 000	R 4 345 000
Grants	R 520 613 000	R 504 693 000	R 531 877 000
Sub-Total	R 525 956 000	R 509 166 000	R 536 222 000
Expenditure	R 345 621 000	R 387 050 000	R 464 232 000
Net Total	R 180 335 000	R 122 116 000	R 71 990 000

Operating Ratios 2015-2016	
Details	%
Employee Cost	35%
Repairs and Maintenance	2%
Finance Charges and Impairment	7%

Total Capital Expenditure: Year-2 to Year 0			
Detail	Year-2 (2013/14)	Year-1 (2014/15)	Year 0 (2015/16)
Original Budget	R 227 233 640	R 258 760 826	R 345 621 000
Adjustment Budget	R 210 495 775	R 264 342 435	R 387 050 000
Actual	R 193 240 281	R 193 240 281	R 464 232 000

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### Statutory Annual Report Process

Section 127 of the Municipal Finance Management Act, sets out that:

- a) "... the mayor of a municipality must, within seven months after the end of financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control." **[Section 127(2)]**
- b) "... the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province." **[Section 127 (5) (b)]**
- c) "... the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report..." **[Section 129(1)]**
- d) "... the accounting officer must submit copies of the minutes of the meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province." **[Section 129(2)(b)]**

## 1.6 AUDITOR GENERAL REPORT

In the 2014-2015 the municipality got an unqualified audit opinion from the Auditor General.

## 1.7 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's process plan. Except for the legislative content, the process plan will confirm in year reporting formats to ensure that	



	reporting and monitoring feeds seamlessly into the Annual Report process at the end of the IDP/Budget implementation period	July
2	Implementation and monitoring of approved budget and IDP comments (In-year financial Reporting)	
3	Finalize the 4 <sup>th</sup> quarter report for previous financial year	
4	Submit Annual Report to Internal Audit and AG	
5	Municipal entity submit draft annual report to MM	
6	Audit Committee considers draft annual report of municipality and the entity	August
7	Mayor tables the unaudited Annual Report	August
8	Municipality submit draft Annual Report including consolidated annual financial statements and performance report to the AG	
9	Annual Report as submitted to AG to be provided as input to the IDP analysis phase	
10	AG audits Annual Report including consolidated AFS and Performance data	September/October
11	Municipality receive and start to address the AGs comments	November
12	Mayor tables AR and audited financial statements to council complete with the AGs report	
13	Audited AR is made public and representation is invited	
14	Oversight committee assess the AR	
15	Council adopts oversight	December
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial council	
18	Commencements of draft Budget/ IDP finalization for next financial year. Annual Report and oversight report to be used as inputs.	January

## Chapter 2 – Governance

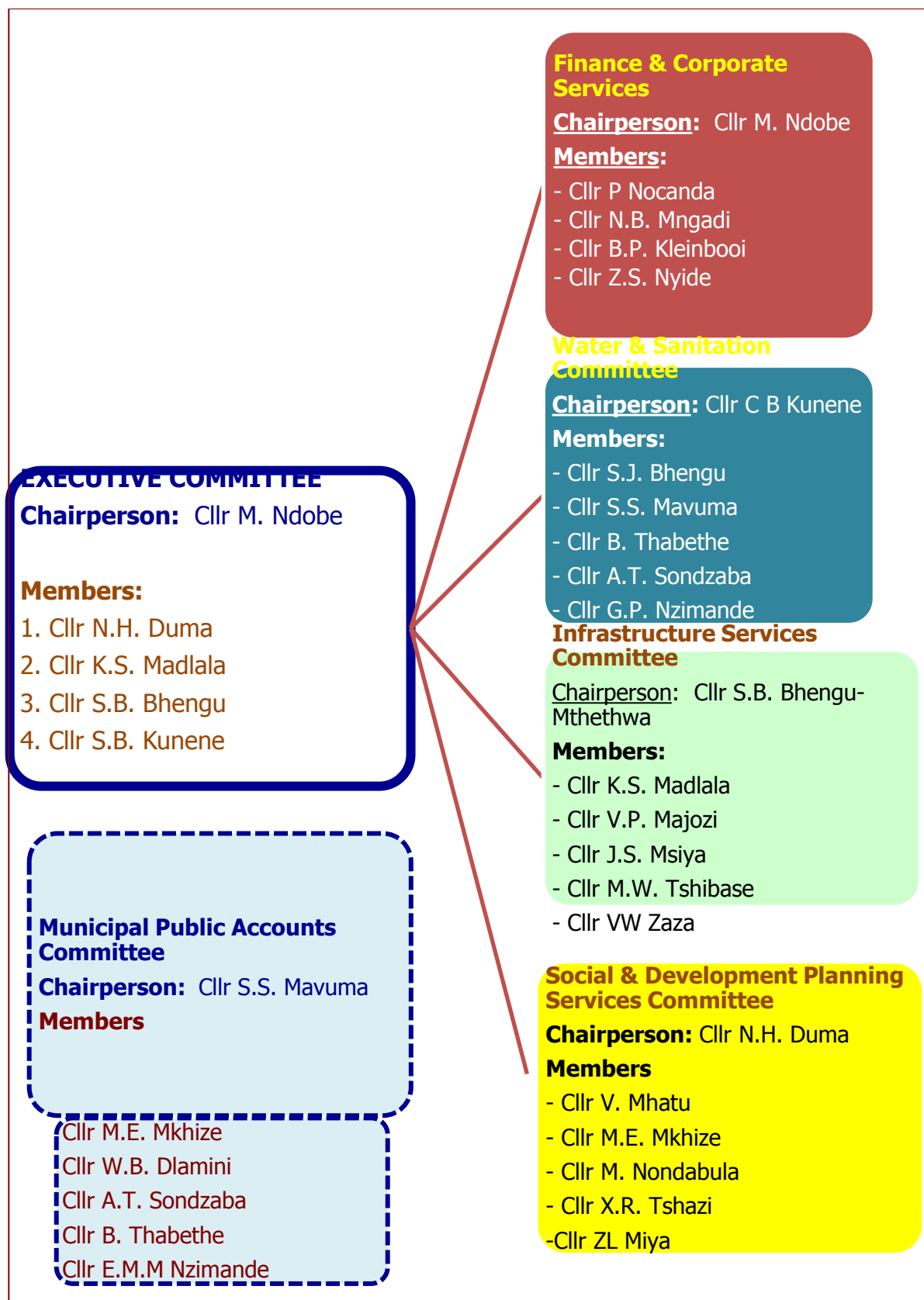
### A. COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1. POLITICAL GOVERNANCE

HGDM established and appointed Committees in terms of Section 79 and 80 of the Local Government Municipal Structures Act, No. 117 of 1998. These Committees have been established for the effective and efficient performance of the municipality. The municipality has established the following Committees:

1. Executive Committee;
2. Finance and Corporate Services Committee;
3. Water and Sanitation Committee;
4. Infrastructure Services Committee;
5. Social and Development Planning Services Committee; and
6. Municipal Public Accounts Committee.

The structure below depicts how the Committees have been established with their Chairpersons and members.



POLITICAL STRUCTURE	NAMES	FUNCTION
Mayor	Cllr M E Ndobe	<ul style="list-style-type: none"> <li>• Presides at meetings of the executive committee; and</li> <li>• Performs the duties, including any ceremonial functions, and exercises the powers delegated to the mayor by the municipal council or the executive committee</li> </ul>
Deputy Mayor	Cllr N H Duma	<ul style="list-style-type: none"> <li>• The deputy mayor exercises the powers and performs the duties of the mayor if the mayor is absent or not available or if the office of the mayor is vacant. The mayor may delegate duties to the deputy mayor</li> </ul>
Speaker	Cllr BP Nzimande	<ul style="list-style-type: none"> <li>• Presides at meetings of the council</li> <li>• Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of LG: Municipal Systems (Act No. 32 of 2000)</li> <li>• Must ensure that the council meets at least quarterly</li> <li>• Must maintain order during meetings</li> <li>• Must ensure</li> </ul>

		compliance in the council and council meetings with the code of conduct
Chief Whip	Cllr S S Mavuma	

### **EXECUTIVE COMMITTEE**

1. Cllr ME Ndobe
2. Cllr NH Duma
3. Cllr SB Bhengu
4. Cllr KS Madlala
5. Cllr CB Kunene

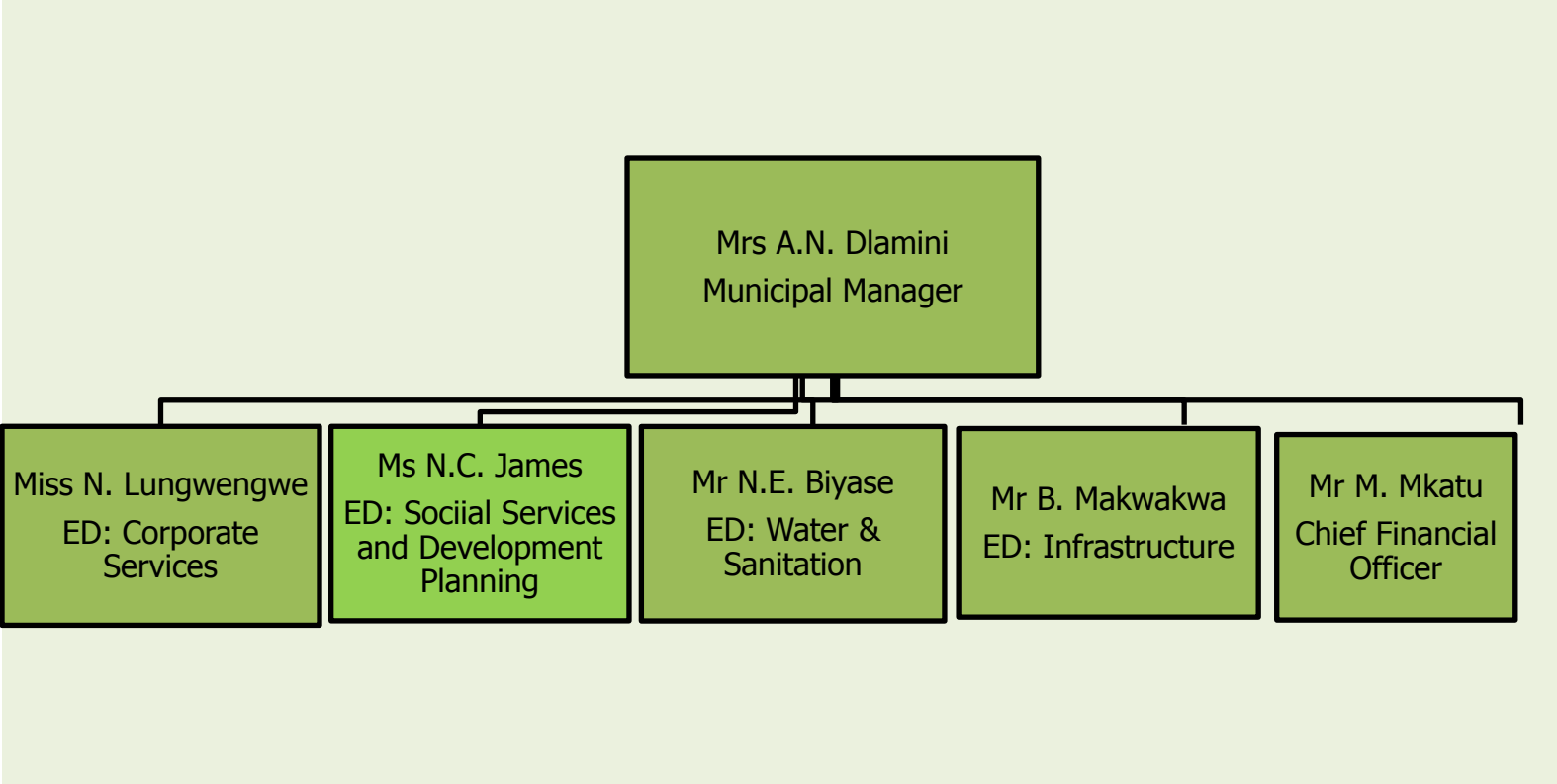
### **Staff Profile in the Office of the Mayor**

<b>Staff Profile</b>	<b>Status of Position</b>
Director: Strategic Support	Filled
Manager: Communications	Filled
Communications Officer	Filled
Public Relations Officer	Vacant
Executive Assistant: Mayor	Filled
Driver: Mayoral Services	Filled
HIV/AIDS Co-ordinator	Filled
OSS Co-ordinator	Filled
Protocol Officer	Vacant
Security Officer	Vacant
Secretary: Speaker	Filled
Secretary: Dep Mayor and EXCO member	Filled
Secretary x 2 EXCO members	Filled
Public Participation Officer	Vacant

## **2.2. HIGH LEVEL ADMINISTRATIVE GOVERNANCE**

Section 82 of the Local Government Municipal Structures Act, No. 117 of 1998 and Section 54A of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states the Municipal Manager must be appointed, who is the head of administration and also the Accounting Officer for

the Municipality with relevant skills and expertise to perform the duties associated with the post. Section 56 of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states that the Municipal Council, after consultation with the Municipal Manager must appoint managers directly accountable to the Municipal Manager. The positions have been filled except the position of the Executive Director: Social and Development Planning Services, which has been vacated towards the end of the financial year.



## POLITICAL DECISIONS- TAKINGS

RESOLUTION NO./ DATE OF MEETING	ITEM / RESOLUTION	RESPONSIBLE OFFICIAL	PROGRESS MADE
HGC: 205 (27 August 2015)	<p><b>REPORT ON COMPILATION OF THE DRAFT FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015</b></p> <p>[REDACTED]</p> <p>With Councillors NB Mngadi and P Nocanda proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the draft Annual Financial Statements for the period ended 30 June 2015 be noted subject to the following amendments in page 1:</p> <ul style="list-style-type: none"> <li>• Councillor BP Nzimande be reflected as a Speaker of the Council</li> <li>• Councillor CM Ngcobo as an ordinary Councillor</li> <li>• Councillor GP Nzimande as an ordinary Councillor</li> </ul>	Chief Financial Officer	<b>IMPLEMENTED</b>
HGC: 206 (27 August 2015)	<p><b>DRAFT ANNUAL REPORT FOR THE 2014/2015 FINANCIAL YEAR</b></p> <p>[REDACTED]</p> <p>With Councillors B Thabethe and MW Tshibase proposing and seconding respectively</p>	Acting Executive Director: Social Services and Development Planning	<b>IMPLEMENTED</b>

	<p>t was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the 2014/2015 draft annual report be noted and thereafter submitted to the Auditor General's office.</p>		
<p><b>HGC: 207</b> (27 August 2015)</p>	<p><b>FOURTH QUARTER REPORT ON THE IMPLEMENTATION OF THE ANNUAL INTERNAL AUDIT PLAN FOR 2014/2015 FINANCIAL YEAR</b></p> <p style="background-color: black; color: black;">[REDACTED]</p> <p>With Councillors AT Sondzaba and SS Mavuma proposing and seconding respectively t was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the progress report for the implementation of the annual internal audit plan for 2014/2015 financial year be noted.</p>	<p>Director: Internal Audit Unit</p>	<p><b>IMPLEMENTED</b></p>
<p><b>HGC: 208</b> (27 August 2015)</p>	<p><b>2014/2015 ANNUAL PERFROMANCE REPORT</b></p> <p style="background-color: black; color: black;">[REDACTED]</p> <p>With Councillors V Mhatu and P Nocanda proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p>	<p>Acting Executive Director: Social Services and Development Planning</p>	<p><b>IMPLEMENTED</b></p>



	That the 2014/2015 Annual Performance report be noted.		
<b>HGC: 209</b> (27 August 2015)	<p><b>2014/2015 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN (SDBIP) QUARTER 4 REPORTS</b></p> <p>[REDACTED]</p> <p>With Councillors ZL Miya and MW Tshibase proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the 2014/2015 Service Delivery Budget and Implementation Plan 4th quarter report be noted.</p>	Acting Executive Director: Social Services and Development Planning	<b>IMPLEMENTED</b>
<b>HGC: 210</b> (27 August 2015)	<p><b>REVISED SCHEDULE OF KEY DEADLINES FOR THE PREPARATION OF THE 2016-2017 MTREF BUDGET</b></p> <p>[REDACTED]</p> <p>With Councillors WB Dlamini and SS Mavuma proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the revised Schedule of Key deadlines for the preparation of the 2016-2017</p>	Chief Financial Officer	<b>IMPLEMENTED</b>

	MTREF budget be noted.		
<b>HGC: 211</b> (27 August 2015)	<p><b>REPORT ON 2014/15 S71 AND 52(D)</b></p> <p>[REDACTED]</p> <p>With Councillors ZS Nyide and P Nocanda proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>(a) That the monthly budget statement and any other supporting documentation be noted.</p> <p>(b) That the quarterly report on the implementation of the budget in terms of s52 (d) MFMA be noted.</p> <p>(c) That the in- year report of the Harry Gwala Development Agency be noted.</p>	Chief Financial Officer	<b>IMPLEMENTED</b>
<b>HGC: 212</b> (27 August 2015)	<p><b>REPORT ON THE HARRY GWALA YOUTH IN ICT</b></p> <p>[REDACTED]</p> <p>With Councillors B Thabethe and MW Tshibase proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p>	Acting Director: Services Executive Corporate	<b>IMPLEMENTED</b>

	That Information Communication Technology (ICT) programme with its financial implications be noted.		
<b>HGC: 213</b> (27 August 2015)	<p><b>SPATIAL PLANNING AND LAND USE MANAGEMENT ACT (ACT NO. 16 OF 2013): REQUEST FOR COUNCIL TO DECIDE ON THE NOMINATION PROCESS OF MEMBERS TO FORM A MUNICIPAL PLANNING TRIBUNAL IN TERMS OF THE ACT, DECIDING ON THE CATEGORISATION OF APPLICATIONS AND SPLUMA RELATED INFRASTRUCTURE</b></p> <p>[REDACTED]</p> <p>With Councillors AT Sondzaba and ZL Miya proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p><b>(i) Adoption of District Managed Joint MPT model Adoption of District Managed Joint MPT model Resolution no. 1</b></p> <p>(a) That the establishment of a Joint Municipal Planning Tribunal as contemplated in Sections 34(2) and 35(1) of Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) comprising the Ubuhlebezwe, Ingwe, UMzimkhulu, Kokstad and KwaSani Municipalities be approved.</p> <p><b>(ii) Resolution no. 2: MPT Qualification criteria (see Annexure 2)</b></p> <p>That the criteria set by section 36 of SPLUMA and Regulation 3, are to be adhered</p>	Acting Executive Director: Social Services and Development Planning	<b>IMPLEMENTED</b>

	<p>to and that MPT members must have at least 5 years knowledge and experience of spatial planning, land use management and land development or the law related thereto.</p> <p>That Harry Gwala family municipal employed members and non-municipal members are to be appointed to be members of Joint MPT.</p> <p><b>(iii) Resolution 2 Nomination of MPT members</b></p> <p>The following MPT members be nominated by the participating Joint Municipalities for the consideration of the District Appointed Evaluation Committee:</p> <ul style="list-style-type: none"> <li>• Ms N Ttyekela as a Registered Planner, employed by Umzimkhulu Municipality (for consideration as Chair)</li> <li>• Mr A Velem as a Registered Engineer, employed by Greater Kokstad Municipality</li> <li>• Ms S Buthelezi as a Registered Engineer, employed by Ubuhlebezwe Municipality</li> <li>• Ms N Buthelezi as a Registered Land Surveyor, employed by Ubuhlebezwe Municipality</li> <li>• Mr S Ngcobo as a Registered Candidate Engineer, employed by Harry Gwala District municipality</li> <li>• Mr M Luthuli as a Registered Planner, employed by Harry Gwala District Municipality</li> <li>• Mr L Zondi as a Registered Planner, employed by Harry Gwala District Municipality</li> </ul> <p>The Municipal Manager of Harry Gwala District Municipality be authorised to publish an advert as required in terms of Regulation 3(5) calling for MPT members. The Harry Gwala District Council approves the draft advert at <b>Appendix 2</b>.</p>		
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(iv) **Resolution No. 4: Nomination of MPT Evaluation Committee (see Annexure 4)**

That the Municipal Manager's forum in respect of the participating municipalities be appointed as the MPT Evaluation Committee.

- Mrs AN Dlamini
- Mr. GM Sineke
- Mr. NC Vezi
- Ms N James
- Mr. Z Mkhize
- Mr. ZS Skhosana

(v) **Resolution No. 5: Categorisation of applications (see Annexure 5)**

That the categorisation of applications as provided for in schedule 5 to the Regulations, detailed hereunder be adopted:

(1) Category 1 Applications are -

(a) the establishment of a township or the extension of the boundaries of a township;

(b) the amendment of an existing scheme or land use scheme by the rezoning of land;

(c) subject to sub item (3), the removal, amendment or suspension of a restrictive or obsolete condition. servitude or reservation registered against the title of the land;

	<p>(d) the amendment or cancellation in whole or in part of a general plan of a township;</p> <p>(e) the subdivision and consolidation of any land other than a subdivision and consolidation which is provided for as a Category 2 application;</p> <p>(f) permanent closure of any public place;</p> <p>(g) any consent or approval required in terms of a condition of title, a condition of establishment of a township or condition of an existing scheme or land use scheme;</p> <p>(h) any consent or approval provided for in a provincial law.</p> <p>(i) the subdivision of any land where such subdivision is expressly provided for in a land use scheme;</p> <p>(2) Category 2 Applications are:</p> <p>(a) the consolidation of any land;</p> <p>(b) the simultaneous subdivision, under circumstances contemplated in paragraph (i) and consolidation of land;</p> <p>(c) the consent of the municipality for any land use purpose or departure or deviation in terms of a land use scheme or existing scheme which does not constitute a land development application;</p> <p>(d) the removal, amendment or suspension of a restrictive title condition relating to the density of residential development on a specific erf where the residential density is regulated by a land use scheme in operation.</p> <p>(3) The division of functions between an authorised official and a Municipal Planning Tribunal are as follows:</p> <p>(a) All category 1 applications and all opposed category 2 applications must be</p>		
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referred to the Municipal Planning Tribunal.

(b) All category 2 applications that are not opposed must be considered and determined by the authorised official.

**(vi)Resolution No. 6: Financial Implications and remuneration of external MPT members (see Annexure 6)**

That necessary funding allocation for the implementation of SPLUMA and its related operational matters be made.

(1) The following rates were approved:

ACTION	REMUNERATION PER HOUR	REMUNERATION PER MEETING
Chairman		
External MPT Member (Land Survey Profession)	R 250	R 1500
External MPT Member (Environmental Profession)	R 250	R 1500
External MPT Member (Town and Regional Planning)	R 250	R 1500
External MPT Member (Civil Engineer)	R 250	R 1500
<b>TOTAL</b>		

NB: Preparation time only claimable for a maximum of 2 hours per meeting



**(vii)Resolution no. 7: Designation of Municipal Development Administrator (see Annexure 9)**

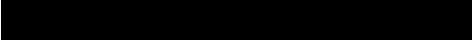


	<p>That Mr Njabulo F Mnguni be appointed as the Municipal Development Administrator in respect of Joint Development Administrator arrangement.</p> <p><b>(viii)Resolution no. 8: Appeal (see Annexure 11)</b></p> <p>That the Harry Gwala Executive Committee, as provided in Section 51 of the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) be appointed as the Appeal authority in respect of the Harry Gwala District Joint MPT.</p> <p><b>(ix)Resolution no. 9: Signing of Agreement (see Annexure 13)</b></p> <p>The Municipal Manager be authorised to sign the Agreement of the Joint Municipal Planning Tribunal.</p>		
<p><b>HGC: 214</b> (27 August 2015)</p>	<p><b>REPORT ON THE MUNICIPAL RAPID RESPONSE TEAM</b></p> <p>With Councillors ZL Miya and NB Mngadi proposing and seconding respectively it was;</p> <p><b>RESOLVED:</b></p> <p>(i) The report on the Municipal Rapid Response Team be noted.</p> <p>(ii)The Speaker be appointed as the Chairperson of the Rapid Response Team as his office is responsible to lead public participation programmes.</p>	Municipal Manager	<b>IMPLEMENTED</b>
<p><b>HGC: 215</b> (27 August 2015)</p>	<p><b>REPORT OF THE AUDITOR GENERAL FOR THE YEAR ENDED 30 JUNE 2014</b></p>	Municipal Manager	<b>IMPLEMENTED</b>






	<p>With Councillors WB Dlamini and ZL Miya proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the report of the Auditor General for the year ended 30 June 2014 be noted.</p>		
<p><b>HGC: 217</b> (27 August 2015)</p>	<p><b>HARRY GWALA DEVELOPMENT AGENCY (HGDA) DRAFT ANNUAL REPORT FOR THE 2014/2015 FINANCIAL YEAR</b></p> <p>[REDACTED]</p> <p>With Councillors WB Dlamini and V Mhatu proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the 2014/2015 Draft Annual Report for the Harry Gwala Development Agency be noted before it submitted to the Auditor General.</p>	<p>Acting Executive Director: Social Services and Development Planning</p>	<b>IMPLEMENTED</b>
<b>HGC: 218</b>	<b>2014/2015 HARRY GWALA DEVELOPMENT AGENCY'S SERVICE DELIVERY BUDGET</b>	PMS Specialist	<b>IMPLEMENTED</b>





(27 August 2015)	<p><b>AND IMPLEMENTATION PLAN (SDBIP) ANNUAL PERFORMANCE (QUARTER 4) REVIEW</b></p> <p>[REDACTED]</p> <p>With Councillors ZS Nyide and B Thabethe proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the 2014/2015 Harry Gwala Development Agency's Service Delivery Budget and Implementation Plan Annual Performance review (Quarter 4) be noted.</p>		
RESOLUTION NO./ DATE OF MEETING	RESOLUTION	RESPONSIBLE OFFICIAL	PROGRESS MADE
<p><b>HGC: 220</b>  <b>2013/2014 PROGRESS REPORT ON THE IMPLEMENTATION OF AUDITOR GENERAL ACTION PLAN-FOR THE MONTH OF OCTOBER 2015</b></p> <p>[REDACTED]</p> <p>(20 November 2015)</p>	<p>With Councillors B Thabethe and ZL Miya proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the un-audited monthly progress on the implementation of Auditor General action plan-for the month of October 2015 be noted.</p>	MM	<b>IMPLEMENTED</b>

<b>HGC: 221</b> <b>REPORT ON THE</b> <b>IMPLEMENTATION OF LOCAL</b> <b>GOVERNMENT “BACK TO BASICS”</b> <b>APPROACH</b> <b>ACTION PLAN FOR THE MONTH OF</b> <b>OCTOBER 2015</b>   ( 20 November 2015)	With Councillors WB Dlamini and VP Majozi proposing and seconding respectively it was;  <b>RESOLVED:</b>  That progress made in the implementation of the “Back to Basics” Action Plan for the month of October 2015 be noted.	<b>MM</b>	<b>IMPLEMENTED</b>
<b>HGC: 222</b> <b>REPORT ON THE</b> <b>APPLICATION FOR</b> <b>WAIVER IN</b> <b>RESPECT OF THE UPPER LIMITS OF</b> <b>THE TOTAL REMUNERATION</b> <b>PAYABLE TO THE EXECUTIVE</b> <b>DIRECTOR: SOCIAL SERVICES AND</b> <b>DEVELOPMENT</b> <b>PLANNING</b>   (20 November 2015)	With Councillors ZL Miya and MW Tshibase proposing and seconding respectively it was;  <b>RESOLVED:</b>  That the recommendation by the MEC: Cooperative Governance and Traditional Affairs not in support of the application for waiver but instead to pay an extra 10% as a rural allowance for the Executive Director: Social Services & Development Planning be approved.	Executive Director: Corporate Services	<b>IMPLEMENTED</b>

<b>HGC: 223</b> <b>DIVISION OF REVENUE</b> <b>AMENDMENT BILL:</b> <b>ANNEXURE 3</b> <b>ALLOCATIONS IN KIND</b>   (20 November 2015)	With Councillors GP Nzimande and PB Nzimande proposing and seconding respectively it was;  <b>RESOLVED:</b>  That the division of revenue amendment bill be noted.	Chief Financial Officer	<b>IMPLEMENTED</b>
<b>HGC: 224</b> <b>PROGRESS REPORT ON THE</b> <b>WORLD AIDS DAY</b> <b>CELEBRATIONS</b>   (20 November 2015)	With Councillors NB Mngadi and B Thabethe proposing and seconding respectively it was;  <b>RESOLVED:</b>  That the progress report on the World Aids Day Celebrations be noted.	Director: Strategic Support	<b>IMPLEMENTED</b>
<b>HGC: 225</b> <b>PROGRESS REPORT ON THE</b> <b>MAYORAL RELIGIOUS SUMMIT</b> <b>HELD AT UBUHLEBEZWE</b> <b>MUNICIPALITY</b>   	With Councillors ZL Miya and WB Dlamini proposing and seconding respectively it was;  <b>RESOLVED:</b>  That the progress report on the Mayoral Religious Summit held at Ubuhlebezwe Municipality be noted.	Director: Strategic Support	<b>IMPLEMENTED</b>




(20 November 2015)			
<b>HGC: 226</b> <b>PROGRESS REPORT ON THE MUNICIPAL EXCELLENCE AWARDS FOR 2015</b> <div></div>	With Councillors PB Kleinbooi and AT Sondzaba proposing and seconding respectively it was;  <p style="text-align: center;"><b>RESOLVED:</b></p> That the progress report on the Municipal Excellence Awards for 2015 be noted.	Director: Strategic Support	<b>IMPLEMENTED</b>
(20 November 2015)			
<b>HGC: 227</b> <b>THE 2015/2016 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN (SDBIP) QUARTER 1 REPORT</b> <div></div>	With Councillors GP Nzimande and MW Tshibase proposing and seconding respectively it was;  <p style="text-align: center;"><b>RESOLVED:</b></p> That the 2015/2016 service delivery budget and implementation plan (SDBIP) Quarter 1 report be noted.	Acting Executive Director: Social Services & Development Planning	<b>IMPLEMENTED</b>
(20 November 2015)			
<b>HGC: 228</b> <b>RISK MANAGEMENT FRAMEWORK, RISK MANAGEMENT POLICY, RISK MANAGEMENT STRATEGY AND RISK MANAGEMENT</b>	With Councillors AT Sondzaba and WB Dlamini proposing and seconding respectively it was;  <p style="text-align: center;"><b>RESOLVED:</b></p> That the risk management framework, risk management policy, risk management strategy and risk management implementation plan for	Manager: Risk Management Unit	<b>IMPLEMENTED</b>

<b>IMPLEMENTATION PLAN FOR 2015/2016 FINANCIAL YEAR</b>   ( 20 November 2015)	2015/2016 financial year be approved.		
<b>HGC: 229 FRAUD PREVENTION AND ANTI CORRUPTION STRATEGY AND FRAUD PREVENTION AND ANTI CORRUPTION POLICY FOR 2015/2016 FINANCIAL YEAR</b>  (20 November 2015)	<p>With Councillors SS Mavuma and JS Msiya proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the fraud prevention and anti-corruption policy and the strategy for 2015/2016 financial year be approved.</p>	Director: Internal Audit Unit	<b>IMPLEMENTED</b>
<b>HGC: 230 FOURTH QUARTER RISK MANAGEMENT REPORT FOR 2014/2015 FINANCIAL YEAR</b>  (20 November 2015)	<p>With Councillors VP Majozi and GP Nzimande proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the fourth quarter Risk Management Report be noted</p>	Manager: Risk Management Unit	<b>IMPLEMENTED</b>
<b>HGC: 231 REVISED AUDIT COMMITTEE AND</b>	With Councillors WB Dlamini and ZL Miya proposing and seconding respectively it was;	Director: Internal Audit Unit	<b>IMPLEMENTED</b>

<b>INTERNAL AUDIT CHARTERS FOR 2015/2016 FINANCIAL YEAR</b>   (20 November 2015)	<p style="text-align: center;"><b>RESOLVED:</b></p> <p>(a) That the audit committee and internal audit charters be approved.</p> <p>(b) That the audit committee charter and internal audit charter be approved.</p>		
<b>HGC: 232 REPORT ON S71 AND S52 (D) OF THE MFMA FOR THE PERIOD ENDING 30 SEPTEMBER 2015</b>   (20 November 2015)	<p>With Councillors B Thabethe and MW Tshibase proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the report on the Section 71 and Section 52 (D) of the MFMA for the period ending 30 September 2015 be noted.</p>	Chief Financial Officer	<b>IMPLEMENTED</b>
<b>HGC: 233 REPORT ON SUPPLY CHAIN MANAGEMENT</b>   	<p>With Councillors ZL Miya and AT Sondzaba proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the report on Supply Chain Management be noted.</p>	Chief Financial Officer	<b>IMPLEMENTED</b>
<b>HGC: 234 STATE OF READINESS FOR THE 2015-2016 HGD MARATHON</b>   	<p>With Councillors NB Mngadi and VP Majozi proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p>	Director: Strategic Support	<b>IMPLEMENTED</b>








<b>PROJECT</b>   (20 November 2015)	sewage system will have to be prioritized on the next implementation planning.		
<b>HGC: 238</b> <b>VARIATION ORDER NO.2 FOR</b> <b>DISASTER</b> <b>MANAGEMENT CENTRE</b>   (20 November 2015)	With Councillors AT Sondzaba and B Thabethe proposing and seconding respectively it was;  <b>RESOLVED:</b>  (i) That the Variation Order No.2, in an amount of R 1,365,680.88 inclusive of Vat be approved.  (ii) That the outstanding work in an amount of R354 970.00 be advertised.	Executive Director: Infrastructure Services	<b>IMPLEMENTED</b>
<b>HGC: 239</b> <b>SECTION 116 REPORTS:</b> <b>VARIATION ORDER</b> <b>IN TERMS OF TIME FOR 2015/16</b> <b>PROJECTS</b> <b>UNDER IMPLEMENTATION, TABLE</b> <b>ATTACHED</b> 	With Councillors MW Tshibase and PB Kleinbooi proposing and seconding respectively it was;  <b>RESOLVED:</b>  That the extension of time for various projects under construction 2015/16 per the table attached.	Executive Director: Infrastructure Services	<b>IMPLEMENTED</b>


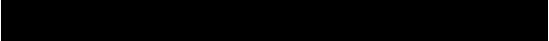

(20 November 2015)			
<b>HGC: 240</b> <b>PROGRESS ON IMPLEMENTATION</b> <b>OF COUNCIL</b> <b>RESOLUTIONS – 27 AUGUST 2015</b> <div></div>	<p>With Councillors GP Nzimande and JS Msiya proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That progress made against the implementation of Council resolutions regarding 27 August 2015 Council meeting be noted.</p>	Executive Director: Corporate Services	<b>IMPLEMENTED</b>
<b>HGC: 241</b> <b>(IN-COMMITTEE) SUBMISSION OF</b> <b>THE ADJUSTMENTS</b> <b>OF SECTION 54A &amp; 57</b> <b>REMUNERATION</b> <b>PACKAGES 2015/16</b> <div></div>	<p>With Councillors WB Dlamini and PB Kleinbooi proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the remuneration packages of section 54A &amp; 56 Managers be adjusted by 7% as from 1 July 2015.</p>	Executive Director: Corporate Services	<b>IMPLEMENTED</b>
(20 November 2015)			
<b>HGC: 242</b> <b>REPORT ON DISASTER</b> <b>MANAGEMENT</b> <b>VOLUNTEERS TO BE INCLUDED IN</b> <b>THE</b> <b>EXPANDED PUBLIC WORKS</b>	<p>With Councillors NB Mngadi and VP Majozi proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the issue of disaster management Volunteers be deferred to</p>	Acting Executive Director: Social Services & Development Planning	<b>IMPLEMENTED</b>

<b>PROGRAMME</b> <b>AS WARD MAINTENANCE</b> <b>SUPPORT</b>  (20 November 2015)	Executive Committee for processing and approval thereof.		
<b>RESOLUTION NO./ DATE OF MEETING</b>	<b>RESOLUTION</b>	<b>RESPONSIBLE OFFICIAL</b>	<b>PROGRESS MADE</b>
<b>HGC: 244</b> <b>FIRST QUARTER REPORT ON THE</b> <b>IMPLEMENTATION OF THE ANNUAL</b> <b>INTERNAL AUDIT PLAN FOR 2015/2016</b> <b>FINANCIAL YEAR</b>  (09 December 2015)	With Councillors M Nondabula and ZL Miya proposing and seconding respectively it was;  <b>RESOLVED:</b>  That the Harry Gwala District Municipality's the 1 <sup>st</sup> quarter progress report on the implementation of the Annual Internal Audit Plan For 2015/2016 financial year be noted.	Director: Internal Audit Unit	<b>IMPLEMENTED</b>
<b>HGC: 245</b> <b>PROGRESS MADE ON THE 1<sup>ST</sup> QUARTER</b> <b>IMPLEMENTATION OF RISK MITIGATION</b> <b>TASK (RISK MANAGEMENT REPORT) FOR</b> <b>2015/2016 FINANCIAL YEAR</b>  (09 December 2015)	With Councillors JS Msiya and ZS Nyide proposing and seconding respectively it was;  <b>RESOLVED:</b>  That the 1 <sup>st</sup> quarter risk management report on implementation of risk mitigation tasks/plans be noted.	Director: Internal Audit Unit	<b>IMPLEMENTED</b>
<b>HGC: 246</b> <b>DECLARATION OF COUNCIL RECESS AND</b> <b>THE ESTABLISHMENT OF AN</b> <b>EMERGENCY COMMITTEE DURING</b> <b>RECESS</b>	With Councillors PB Kleinbooi and M Nondabula proposing and seconding respectively it was;  <b>RESOLVED:</b>  (i) That the Council declares recess from the 10 <sup>th</sup> of December	MM	<b>IMPLEMENTED</b>

<div></div> <p>(09 December 2015)</p>	<p>2015 to the 11<sup>th</sup> of January 2016.</p> <p>(ii) That an Emergency Committee comprising of the Executive Committee, Senior Management, the Chief Whip and the Honourable Speaker should be established to assist with decision-making when emergency situations arise and are being handled.</p>		
<p><b>HGC: 247</b> <b>REPORT ON COMPULSORY LEAVE FOR DECEMBER 2015</b></p> <div></div> <p>(09 December 2015)</p>	<p>With Councillors CM Ngcobo and ZS Nyide proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That Council approves the taking of compulsory leave from the 28<sup>th</sup> of December 2014 to the 31<sup>st</sup> December 2015.</p>	Executive Director: Corporate Services	<b>IMPLEMENTED</b>
<p><b>HGC: 248</b> <b>PROPOSED PAY DATES FOR 2016</b></p> <div></div> <p>(09 December 2015)</p>	<p>With Councillors JS Msiya and SS Mavuma proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the proposed pay dates for the year 2016 be supported.</p>	Executive Director: Corporate Services	<b>IMPLEMENTED</b>
<p><b>HGC: 249</b> <b>PROGRESS REPORT ON THE HARRY GWALA DISTRICT AND UKHOZI FM SUMMER CAMPAIGN - NYUSI VOLUME 2015</b></p> <div></div>	<p>With Councillors ZL Miya and M Nondabula proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>(a) The budgeted amount of R1 000 000-00 be spent on the Nyusi Volume event for 2015 (all inclusive of VAT).</p>	Municipal Manager	<b>IMPLEMENTED</b>

(09 December 2015)	(b) The Municipal Manager be authorised to sign a memorandum of agreement on behalf of the municipality and Ukhozi FM.		
<b>HGC: 250</b> <b>AMENDED ORGANISATIONAL STRUCTURE</b> <b>2015/16</b> <div style="background-color: black; height: 15px; width: 250px; margin: 5px 0;"></div> (09 December 2015)	With Councillors WB Dlamini and PB Kleinbooi proposing and seconding respectively it was;  <p style="text-align: center;"><b>RESOLVED:</b></p> That the amended organizational structure for 2015/16 be approved.	Executive Director: Corporate Services	<b>IMPLEMENTED</b>
<b>HGC: 251</b> <b>REPORT ON S71 OF THE MFMA FOR THE</b> <b>PERIOD ENDING</b> <b>31 OCTOBER 2015</b> <div style="background-color: black; height: 15px; width: 250px; margin: 5px 0;"></div> (09 December 2015)	With Councillors GP Nzimande and ZL Miya proposing and seconding respectively it was;  <p style="text-align: center;"><b>RESOLVED:</b></p> That the Section 71 of the MFMA for the period ending 31 October 2015 be noted.	Chief Financial Officer	<b>IMPLEMENTED</b>
<b>HGC: 252</b> <b>DEVELOPMENT OF WATER USE LICENSE</b> <b>REGISTRATION OF WATER AND</b> <b>WASTEWATER INFRASTRUCTURE</b> <div style="background-color: black; height: 15px; width: 250px; margin: 5px 0;"></div> (09 December 2015)	With Councillors ZS Nyise and JS Msiya proposing and seconding respectively it was;  <p style="text-align: center;"><b>RESOLVED:</b></p> <p>(i) That progress made to this project be noted.</p>	Executive Director: Water Services	<b>IMPLEMENTED</b>

	<p>(ii) The amount of R 303, 339.16 previously requested from the Executive Committee for this project be rescinded, and the new amount of R 485,037.16 be made available during the budget adjustment.</p>		
<p><b>HGC: 253</b>  <b>PROGRESS REPORT ON THE HARRY GWALA DISTRICT MUNICIPALITY BACK TO SCHOOL CAMPAIGN</b>    (09 December 2015)</p>	<p>With Councillors ZL Miya and CM Ngcobo proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the Back to School Campaign for January 2016 be supported.</p>	Municipal Manager	<b>IMPLEMENTED</b>
<p><b>HGC: 254</b>  <b>REPORT ON DRAFT SUMMER SEASON CONTINGENCY PLAN 2015</b>    (09 December 2015)</p>	<p>With Councillors ZS Nyide and M Nondabula proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That the progress made on the Draft Summer Season Contingency Plan 2015 be noted.</p>	Executive Director: Social Services & Development Planning	<b>IMPLEMENTED</b>
<p><b>HGC: 255</b>  <b>PROGRESS REPORT ON SALGA KZN-DSR GAMES 2015</b>    (09 December 2015)</p>	<p>With Councillors WB Dlamini and CM Ngcobo proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>That progress report on SALGA KZN-DSR Games 2015 be noted.</p>	Executive Director: Social Services & Development Planning	<b>IMPLEMENTED</b>

<b>HGC: 256</b> <b>PROGRESS ON IMPLEMENTATION OF COUNCIL RESOLUTIONS NOVEMBER 2015</b>  (09 December 2015)	With Councillors M Nodabula and JS Msiya proposing and seconding respectively it was;  <p style="text-align: center;"><b>RESOLVED:</b></p> That progress made against the implementation of Council resolutions of the meeting of 20 November 2015.	Executive Director: Corporate Services	<b>IMPLEMENTED</b>
<b>HGC: 257</b> <b>WATER CONSERVATION AND DEMAND MANAGEMENT (NO DROP SYSTEM)</b>  (09 December 2015)	With Councillors WB Dlamini and PB Kleinbooi proposing and seconding respectively it was;  <p style="text-align: center;"><b>RESOLVED:</b></p> <p>(a) That the report on water conservation and demand management (No Drop System) be noted.</p> <p>(b) That the report on water conservation and demand management (No Drop System) be adopted.</p>	Executive Director: Water Services	<b>IMPLEMENTED</b>
<b>HGC: 258</b> <b>DEVELOPMENT OF OPERATIONAL &amp; MAINTENANCE PLANS FOR EXISTING INFRASTRUCTURE</b>  (09 December 2015)	With Councillors GP Nzimande and ZS Nyide proposing and seconding respectively it was;  <p style="text-align: center;"><b>RESOLVED:</b></p> <p>(a) That the Operation and Maintenance Plans be adopted.</p> <p>(b) That these plans be used as guidance and the manual for the operation, maintenance and management of the Harry Gwala</p>	Executive Director: Water Services	<b>IMPLEMENTED</b>

	District Municipality's infrastructure.		
<b>HGC: 259</b> <b>APPROVAL OF COUNCILLORS' UPPER LIMITS OF THE SALARIES, ALLOWANCES AND BENEFITS OF THE MUNICIPAL COUNCIL FOR 2015/16</b>  (09 December 2015)	<p>With Councillors WB Dlamini and M Nondabula proposing and seconding respectively it was;</p> <p style="text-align: center;"><b>RESOLVED:</b></p> <p>(a) That 100% of the upper limits of salaries and allowance and benefits of the members of Council as determined by the Minister responsible for Cooperative Governance be approved, subject to concurrent approval by MEC of Cooperative Governance and Traditional Affairs.</p> <p>(b) That the Municipal Manager signs and submits the certificate and all required documents to COGTA.</p>	Executive Director: Corporate Services	<b>IMPLEMENTED</b>



## **COMPONENT B: INTER-GOVERNMENTAL RELATIONS**

### **2.3. INTER-GOVERNMENTAL RELATIONS (IGR)**

Inter-governmental relations' means the relationships between the three spheres of government. The South African Constitution states, 'the three spheres of government are distinctive, interdependent and interrelated'. Provincial and local government are spheres of government in their own right, and are not a function or administrative implementing arm of national or provincial government. Although the three spheres of government are autonomous, they exist in a unitary South Africa and they have to work together on decision-making and must co-ordinate budgets, policies and activities, particularly for those functions that cut across the spheres.

An itinerary of meetings was drawn up and distributed to all departments for meetings to be convened. Although the IGR structure is in operation, the meetings are not happening according to schedule. In the 2015-2016 financial year dedicated personnel was appointed to ensure that all the scheduled meetings sit and that all the recommendations and resolutions are implemented.

#### **NATIONAL INTERGOVERNMENTAL STRUCTURES**

The President's Coordinating Council (PCC) is the main coordinating body at national level. It consists of the President, the Deputy President, key Ministers, Premiers and the South African Local Government Association (SALGA). The PCC meets regularly to oversee the implementation of national policies and legislation, and to ensure that national, provincial and local development strategies are aligned to each other.

At national level, each department has an Inter-governmental Forum where Ministers meet with MECs and SALGA. These forums are called MinMECs and are also attended by heads of departments, as technical advisors. The purpose of MinMECs is to consult, coordinate implementation and align programmes at national and provincial level.

#### **PROVINCIAL INTER-GOVERNMENTAL STRUCTURES**

The Premier in each province is responsible for coordinating relationships between national, provincial and local government in the province. A Premier's Inter-governmental Forum (PIF) consists of the Premier, the local government MEC, other MECs, Metro and

District Mayors and other Mayors where necessary. The PIF meets regularly and consults on broad development in the province, as well as on the implementation of national and provincial policy and legislation. It also seeks to coordinate the alignment of provincial and municipal development planning and strategic planning. The PIF reports through the Premier to the PCC. PIF meetings are usually preceded by PAF (Provincial Advisory Forum) meetings where provincial heads of departments meet with all municipal managers. Harry Gwala DM has forged good working relations with the Eastern Cape (Alfred Nzo Municipality) to assist one another through resources in case there are disasters of high magnitude.

#### **DISTRICT INTERGOVERNMENTAL STRUCTURES**

- Harry Gwala District Municipality consist of the following IGR Structures that work together on issues pertaining to service delivery and improving the standard of living for its communities:
- Mayors Forum
- Municipal Managers' Forum
- Infrastructure Services Forum
- District Area Finance Forum
- Social Services Forum
- Communication Forum

## B. COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.4. PUBLIC MEETINGS

Despite the legislative imperative, local government is, by essence, obliged to maintain effective communication with the communities. Likewise, the communities have a responsibility to participate and be involved in the affairs of the municipality. At HGDM, engagement with communities is ensured through the following structures and mechanisms:

- IDP and budget road shows
- Council meetings
- Mayoral Izimbizo
- Print media
- Electronic media, notably the website and the municipal video system

### 2.5. IDP PARTICIPATION AND ALIGNMENT

The Municipal Manager has a delegated responsibility from the Mayor, to prepare the IDP for the District. During the IDP review, the following key elements were addressed within the confines of the approved IDP Process Plan and Framework Plan:

- Comments were received from the various role-players in the assessment of the IDP Review documentation.
- Strategic elements of the IDP were reviewed in terms of Council's new priorities, including the Spatial Development Framework.
- New information was included.
- The IDP was aligned with newly completed Sector Plans

The final IDP was tabled before Council in May 2013. There was consideration of community and stakeholder inputs, leading to the final IDP being approved by Council.

IDP Participation Alignment Criteria	Yes/ No
Does the municipality have impact, outcome, and output indicators?	No
Does the IDP have priorities, objectives, KPIs and development strategies?	Yes
Does the IDP has the multi-year targets	Yes
Are these aligned and can they be calculated into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as	Yes

per the SDBIP?	
Do the IDP KPIs align with the Provincial KPIs on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes

## COMMUNITY MEETINGS

Nature and Purpose of the meeting	Date and venue of the meeting	Number of participating Councillors	Number of participating Administrators	Number of community members attending	Issue addressed Yes/No	Date and manner of feedback given to the community
IDP/Budget Road Show (October November 2015)	<u>UBuhlebezwe LM</u> 1. 17 Nov 2015: Ntapha Hall 2. 18 Nov 2015: Shiyabanye Hall 3. 19 Nov 2015: Fairview Hall 4. 19 Nov 2015: Peace Initiative Hal	+25 Councillors in all the Road-Shows	22 administrators	+1500 participants per Road-Show	Yes most of the issues were addressed during the Road-Shows. However some of the issues were referred to relevant departments to communicate directly with the affected parties.	In April 2016 all the issues that were not satisfactory dealt with during the October/November IDP/Budget Road-Shows were then responded to accordingly.
	<u>Greater Kokstad LM</u> 1. 24 Nov. 2015: Thuntulwane Hall	+15 Councillors	9 administrators	+1000 participants		
	<u>UMzimkhulu LM</u> 1. 27 Nov. 2015: Clysdale Hall	+20 Councillors participated in the Road-Shows	11 administrators	+1000 participants per Road-Show		
	<u>KwaSani LM</u> 1. 20 Oct. 2015: Mgatsheni Hall 2. 21 Oct. 2015: Himeville Hall	+10 Councillors participated	7 administrators	+1000 participants per Road-Show		

	<u>Ingwe LM</u> 1. 22 Oct. 2015: Sonyongwane Hall 2. 23 Oct. 2015: Bulwer Hall	9 councillors participated	7 administrators	+ - 1000 participants per Road-Show		
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## COMPONENT D: CORPORATE SERVICES

Corporate governance deals with all matters including governance structures, systems and policies and procedures

### 2.6. RISK MANAGEMENT

The municipal Council has approved a risk management infrastructure for the 2015/2016 financial year which has given a guide in the implementation of risk management activities in ensuring that Council minimises risks that are associated with the implementation of its programmes to levels that are acceptable.

Amongst the most important objectives of the Council's approved risk management infrastructure are the following:

- Support Harry Gwala District Municipality's governance responsibilities.
- Ensure compliance.
- Instilling the culture of risk management at all levels .i.e.: at decision making and on the day-to-day running of the municipality.
- Contribute in building a risk-smart workforce and environment that allows for innovation and responsible risk-taking.

Management as guided by the approved infrastructure has further established Risk Committees; developed human capacity and tools in order to ensure effective implementation of the Council's policies and strategies.

The following structures have been put in place:

1. The Audit/Risk Committee, which is an independent advisory committee to Council.
2. The Risk Management Committee, which is the committee that is constituted by senior management and is responsible for assessing and managing the municipality's risks.

The Risk Management Committee is structured as follows:

- |   |             |
|---|-------------|
| i. Municipal Manager:                       | Chairperson |
| ii. Chief Financial Officer:                | Member      |
| iii. Executive Director Corporate Services: | Member      |

- iv. Executive Director Infrastructure Services: Member
- v. Executive Director Water Services: Member
- vi. Executive Director Social Services and Development Planning: Member

3. The Risk Champions' Committee, which is constituted by departments' representatives. This committee assists management in executing their responsibility of managing risks by coordinating risk management activities within the respective departments.

This committee works closely with the Risk Manager in identifying new and emerging risks, monitoring the implementation of the agreed risk treatment action plans and reporting to the Risk Management Committee.

In term of the risk management strategy, the municipality reviews its risk register on an annual basis by performing risk assessments in order to ensure that Council better focuses and allocates its resources and take informed decisions and better prepared for adverse circumstances.

The annually reviewed risk register is monitored on an ongoing basis by the risk management staff to ensure implementation of mitigation plans as determined at risk assessment stage.

Below is the statistical summary on the implementation of risk mitigation plans set by management.

#### **Statistical Summary on the implementation of risk mitigation plans.**

The following table summarizes the results of the overall implementation of risk management action plans for the 2015-2016 financial year.

Departments	No of Risks	No of Mitigation plans	No of Mitigation plans addressed	No of Mitigation plans in progress	No of Mitigation Task not done
Social and Development Planning	8	17	14	2	1
Corporate Services	8	16	10	4	3
Finance	6	23	19	2	1
Water Services	3	16	13	3	1
Infrastructure	2	9	6	3	0
Office of the	3	5	4	1	0



<b>Municipal Manager</b>					
<b>Total</b>	<b>30</b>	<b>87</b>	<b>66 [76%]</b>	<b>15 [17%]</b>	<b>6 [7%]</b>

The results indicates a significant improvement in the implementation of the mitigating measures and naturally a growth in levels of understanding and embedded risk culture throughout the organization.

This also indicates management's commitment towards achieving good governance in the running of the municipality.

The following table summarizes the results of the overall implementation of risk management action plans for the 2014-2015 financial year.

<b>Departments</b>	<b>No of Risks</b>	<b>No of Mitigation plans</b>	<b>No of Mitigation plans addressed</b>	<b>No of Mitigation plans in progress</b>	<b>No of Mitigation Task not done</b>
<b>Social and Development Planning</b>	9	32	5	12	15
<b>Corporate Services</b>	19	33	8	21	4
<b>Finance</b>	6	41	11	17	13
<b>Water Services</b>	2	15	1	8	6
<b>Infrastructure</b>	2	11	1	4	6
<b>Office of the Municipal Manager</b>	2	10	5	4	1
<b>Total</b>	<b>40</b>	<b>142</b>	<b>31 (22%)</b>	<b>66 (46%)</b>	<b>45 (32%)</b>

## 2.7. ANTI-CORRUPTION AND FRAUD

Harry Gwala District Municipality has developed an anti-corruption and fraud prevention strategy.

## **2.8. SUPPLY CHAIN MANAGEMENT**

### **2.8.1. Procedural issues**

- The Supply Chain Management Policy was adopted and is currently being implemented.
- The procedure manual is in place and currently implemented.
- A compliance checklist has been developed and is currently being implemented.
- The fixed assets policy was adopted and is currently being implemented.
- Bid Committees are fully functional.

### **2.8.2. Components within Supply Chain Management**

Supply Chain Management has six components namely:

- i. Demand Management
- ii. Acquisition Management
- iii. Logistics Management
- iv. Disposal Management
- v. Risk Management
- vi. Performance Management

#### ***i. Demand Management***

- (a) Include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for, timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- (b) Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
- (c) Provide for the compilation of the required specifications to ensure that its needs are met; and
- (d) Undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

#### ***ii. Acquisition Management***

- (a) That goods and services are procured by the municipality in accordance with authorized processes only;

- (b) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- (c) That the threshold values for the different procurement processes are complied with; and
- (d) That bid documentation, evaluation and adjudication criteria, and general conditions of a contract are in accordance with any applicable legislation.

### **iii. Logistics Management**

- (a) The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) The placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) Before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (f) Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

### **iv. Disposal Management**

- a) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act
- b) Disposal can be done in the following method:
  - Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
  - Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - Selling the asset; or
  - Destroying the asset.

## **v. Risk Management**

Risk management includes:

- a) The identification of risks on a case-by-case basis;
- b) The allocation of risks to the party best suited to manage such risks;
- c) Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- d) The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- e) The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

## **vi. Performance Management**

- a) The performance Management system involves the entire supply chain's ability to meet end-customer needs through product availability and responsive on-time delivery.
- b) Supply chain performance crosses both functional lines.

## **2.9. BY-LAWS**

Revised	Public Participation conducted prior to adoption of by-laws (Y/N)	Dates of Public Participation	By-Laws Gazetted (Y/N)	Date of Publication
Water and Sanitation by-laws	Y	Done on monthly bases	N	Not Yet

### **COMMENTS ON BY-LAWS**

The water services by-laws were developed and they were gazzeted in 2007. The Water Services Act 1998 provides that By-laws should be reviewed annually. The department conducted the review of the by-laws in this financial year and some workshops for public participation were conducted.

## 2.10 WEBSITES

Type of Document	Posted to the municipal website (Y/N)	Comments
The current annual and adjustments budgets, all budget-related documents and policies	Y	N/A
The previous annual report	Y	N/A
All service delivery agreements	Y	N/A
All performance agreements for section 57 managers	Y	N/A
All long-term borrowing contracts;	Y	N/A
All supply chain management contracts above a prescribed value	Y	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of	N	N/A
Contracts having future budgetary implications	Y	N/A
Public-private partnership agreements listed in section 120 of the MFMA	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA	Y	N/A

### COMMENTS ON MUNICIPAL WEBSITE CONTENT AND ACCESS

Harry Gwala DM has drafted policies that will ensure full compliance with the requirement of section 75 of the MFMA. In 2015-2016 the municipality updated the content of the website and all sundry does have access to it.

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Harry Gwala District Municipality did not conduct the Customer Satisfaction Survey in the 2015/2016 financial year to ascertain the level of satisfaction by community on service delivery. However, in the 2016/2017 financial a budget has been put aside to execute this exercise in the form of baseline study.

### Chapter 3 – Service Delivery Performance (Performance Report Part I)

Chapter 3 focuses on service delivery on a service-by-service basis. It considers municipal performance derived from IDP objectives, translated into the SDBIP and presents data on Community needs and resource deployment. The service delivery issues are structured, captured and reflected under the priorities contained in the IDP in order to allow easy comparisons on achievements against budget and SDBIP.

#### COMPONENT A: FINANCIAL SERVICES

During 2015-2016, debt recovery was handled as follows:

SERVICES	ACTUAL ACCOUNTS BILLED	% PROPORTION OF ACCOUNTS VALUE BILLED THAT WERE COLLECTED
Water B	R3 813 416.38	2.91%
Water C	R29 884 197.98	66.81%
Sanitation	R13 105 906.41	48.62%

#### Employee: Financial Services

Job Level	F/Y 2014/2015	F/Y 2015/2016		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	0	0	0	0
Grade B 1-5	28	3	24	22
Grade C 1-5	14	2	10	9
Grade D 1-5	8	3	10	6
Grade E 1-2	2	0	4	1
<b>Total</b>	<b>52</b>	<b>8</b>	<b>48</b>	<b>38</b>

**Financial Performance Year 2015-2016: Financial Performance Budget and Treasury Office**

DETAILS	FY 2014-2015	F/Y 2015-2016			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
<b>Total Operational Revenue</b>	239 731 643	249 598 000	255 059 449	251 088 811	
<b>Expenditure:</b>					
Employees	14 481 450	14 128 428	14 882 940	16 343 407	
Repairs And Maintenance					
Other	20 969 590	44 943 640	47 901 416	48 794 424	
<b>Total Operational Expenditure</b>	35 451 040	59 072 068	62 784 356	65 137 831	
<b>Net Operational Expenditure</b>	12 806 357	190 525 932	192 275 093	185 950 980	

## **COMPONENT B: WATER SERVICES AND SANITATION INFRASTRUCTURE**

The 2015/ 2016 financial year has been one of the most challenging financial years of the outgoing Council with regards to the provision of Water and Sanitation services. This is due to the drought conditions that started in the year 2014. This has resulted in nodal points (Kokstad, Ixopo and Franklin) being severely affected. Water Restrictions up to 60% have had to be imposed in the affected. Through our Customer Care and Communications Units, the community of Harry Gwala has been kept abreast with the drought challenges.

To date, 44 drought project initiatives have been concluded. These range from Water Tanker Trucks Purchase, Installation of Static Tanks, Drilling of Boreholes, Spring Protections as well as Scheme Refurbishments. We urge all our communities to use water sparingly as this drought is still continuing. There are more than 37 Water Scheme Refurbishments that have been concluded such as Mhlabashane, Noek Farm, Isolation Valves in Kokstad Town, Hlanganani, Sandanezwe, Machunwini, Gugwini, Kwanjunga, Lukhasini, Madungeni, Springvale, KwaThathani, Macabazini to name a few. The functionality of these schemes is assisting in reducing the burden of delivering water with Water Tankers.

In trying to enhance the efficiency of our maintenance teams, a Business Intelligence System which includes the Customer Care Module and the Telemetry Monitoring System has been installed. The effective usage of these systems will be witnessed in the operations of the 2016/ 2017 financial year.

The Water Services Development Plan (WSDP), Water Conservation and Demand Management Strategy, Universal Access Plans as well as Operations and Maintenance manuals have been prepared for the municipality. Due to the high backlogs that the municipality is dealing with, the implementation rate of these plans is rather slow.

In the 2016/ 17 financial year, we would like to conclude the review of the WSDP and develop Business Plans in response the future developments that are being proposed in our towns. This is a big step in increasing the development potential in our towns. We have also set aside money to conclude the Infrastructure Asset Verification process and Water Use License for the Umzimkhulu System. In an effort to professionalize Local Government, we also have a target to register at least 3 of our Technical Staff Members with the Engineering Council of Southern Africa.

The Water Services By – Laws, Policies and Customer Care Charter have been developed as well as the Water Safety Plan, Waste Water Risk Abatement Plan and the Regulatory Performance Management System have been development. These are due to be reviewed in the 2016/ 17 financial year. Communities are being encouraged to



familiarize themselves with these documents which are available on our website. The enforcement of these documents will give a rise to the manner in which we interact with our communities, reduction in illegal connections and water losses and increase in Water Quality through Blue Drop and Green Drop.

#### WATER PROVISION BY SECTOR

LOCAL MUNICIPALITY	STORAGE (m <sup>3</sup> )	AGRICULTURE	FORESTRY	WATER SUPPLY SERVICE	INDUSTRY & MINING
		(m <sup>3</sup> /annum)	(m <sup>3</sup> /annum)	(m <sup>3</sup> /annum)	(m <sup>3</sup> /annum)
Ingwe	10 429 480	25 431 501	23 779 273	1 164 574	126 250
KwaSani	26 084 800	39 110 381	7 655 851	1 921 575	128 600
Greater Kokstad	1 280 227 400	33 340 523	2 726 074	8 066 571	36 792
Ubhulebezwe	8 906 520	17 016 054	15 686 612	2 220 115	0
Umzimkhulu	306 050	1 627 700	18 993 921	3 491 225	18 250
<b>Totals</b>	<b>1 325 954 250</b>	<b>116 526 159</b>	<b>68 841 731</b>	<b>16 864 060</b>	<b>309 892</b>

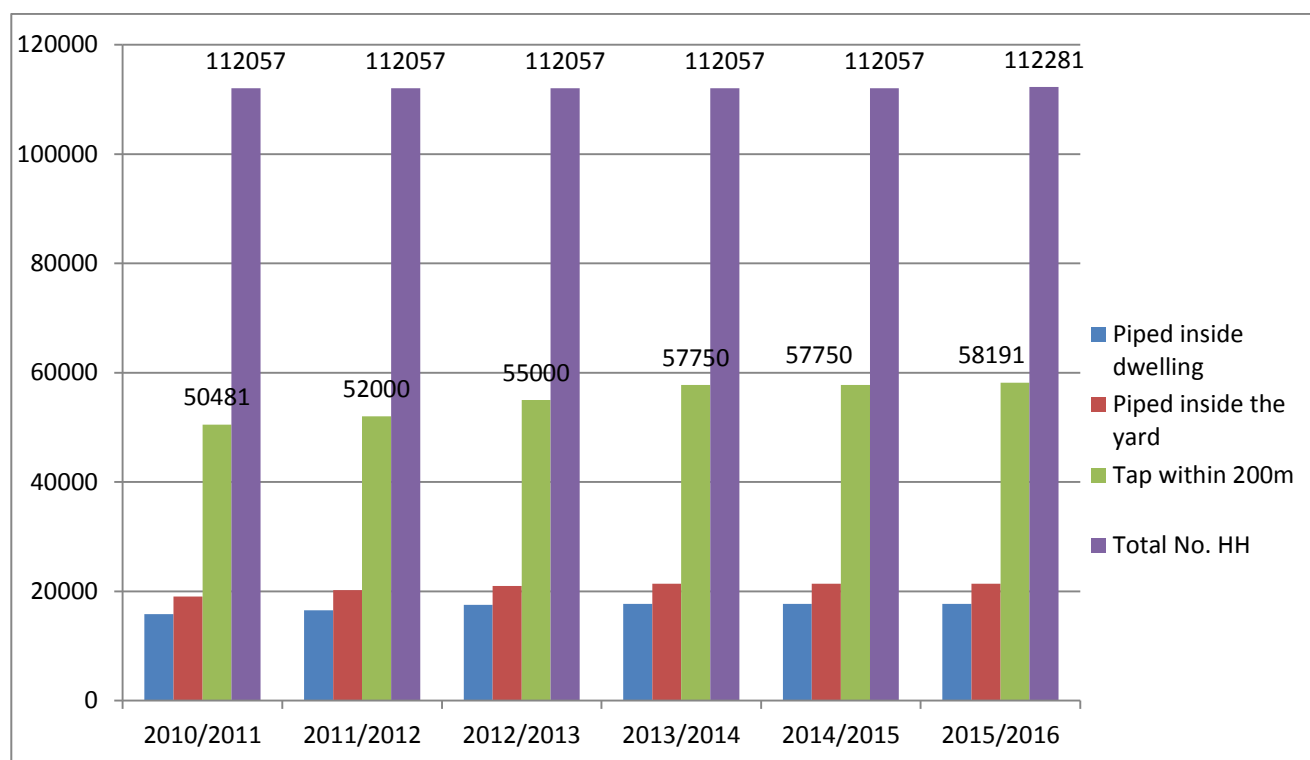
It is evident from the above table that the Agricultural sector is consuming high volumes of water from existing resources as compared to the provision of water for human consumption. The Industry and Mining sectors are consuming the least.

The water service delivery levels are as follows:

Water (above min level)	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
piped water inside dwelling	15 825	16 515	17 500	17 675	17675	17675
piped water inside yard (but not in dwelling)	19 023	20 214	20 967	21386	21386	21386
Using public tap (within 200m from dwelling)	50 481	52 000	55 000	57750	57750	58191
other water supply (within 200m from dwelling)		N/A	N/A	N/A	N/A	N/A
min service level and above sub-total	85329	88729	93467	96811	96811	97252
min service level and above percentage	59.18%	60.53%	63.20%	65.57%	65.57%	86.79%
<b>Water (below min level)</b>						
Using public tap (more than 200m from dwelling)						
other water supply (more than 200m from dwelling)	45751	44232	41232	39 269	39269	14805
below minimum service level sub-total	45751	44232	41232	39 269	39269	14805
below minimum service level percentage	40.82%	39.47%	36.80%	35.04%	35.04%	13.21%
total number of households (including informal	<b>112057</b>	<b>112057</b>	<b>112057</b>	<b>112057</b>		

settlements)					<b>112057</b>	<b>112057</b>
<b>Formal Settlements</b>						
Total Households	96232	96232	96232	96232	96232	96232
Households below minimum service levels	45751	44232	41232	39 269	39269	14805
Proportion of households below minimum service levels	47.54%	45.96%	42.85%	40.80%	40.80%	15.38%
<b>Informal Settlements</b>						
Total Households	0	0	0	0	0	0
Households below minimum service levels	0	0	0	0	0	0
Proportion of households below minimum service levels	0	0	0	0	0	0

## Access to water bar graph



## Employees: Water Services

Job Level	FY 2014/2015	F/Y 2015-2016		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	78	4	93	93
Grade B 1-5	42	11	42	143
Grade C 1-5	25	1	20	34
Grade D 1-5	16	9	17	20
Grade E 1-2	2	1	2	1
No grade	1			
<b>Total</b>	<b>158</b>	<b>26</b>	<b>174</b>	<b>291</b>

# Financial Performance Year 2015-2016: Water Services

Details	F/Y 2014/2015	F/Y 2015-2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
<b>Total Operational Revenue</b>	54 341 432	62 262 000	63 822 000	58 504 000	5 318 000
<b>Expenditure:</b>					
Employees	48 623 728	47 828 391	48 778 391	53 027 584	-4 249 193
Repairs and Maintenance					
Other	84 311 517	86 368 510	57 429 429	77 433 290	-20 003 861
<b>Total Operational Expenditure</b>	132 935 245	134 196 901	106 207 820	130 460 874	-24 253 054
<b>Net Operational Expenditure</b>	-78 593 813	71 934 901	42 385 820	71 956 874	-29 571 054

## Capital Expenditure Year 2015-2016: Water and Sanitation Services

This report aims at summarizing the utilization of the 2015/16 Municipal Infrastructure Grant (MIG) funding to the Harry Gwala District Municipality. The objective of the MIG funding is to expedite service delivery to Municipalities that have backlogs in order to reach the stated Millennium Development Goals. The 2015/2016 MIG allocation was R199,784,000.00. This report sets out to show the level of usage and implementation of the MIG funds in the year 2015/2016 and also to show the impact of the funding on the community as the beneficiaries.

### Expenditure Details:

The Table below shows the monthly expenditure from July 2015 to June 2016. Expenditure on PMU salaries was also taken from the MIG allocation.

### Monthly MIG Expenditure

Month	Total Monthly Payments
July 2015	R 15,650,956.23
August 2015	R 27,670,553.01
September 2015	R 30,495,101.40
October 2015	R 27,797,932.69
November 2015	R 13,887,074.81
December 2015	R 16,948,310.43
January 2016	R 0
February 2016	R 14,626,002.80
March 2016	R 29,755,176.78
April 2016	R 19,170,705.25
May 2016	R 3,782,186.60
June 2016	R 0
<b><i>PMU Operational costs (1.012%) included in the monthly expenditure</i></b>	<b><i>R 2,021,995.05</i></b>
<b>TOTAL</b>	<b>R199,784,000.00</b>

**Background:**

Since the establishment of the PMU section in mid-2008, the MIG expenditure showed marked and tremendous improvement in Harry Gwala District Municipality. The table below shows the MIG expenditure performance in the last 4 years.

	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>
MIG Budget	R165,717,000.00	R173,618,000.00	R187,028,000.00	R199,784,000.00
Expenditure	R165,717,000.00 (100%)	R173,618,000.00 (100%)	R187,028,000.00 (100%)	R199,784,000.00 (100%)

**NB: The 100% expenditure of the MIG allocation was reached by 31<sup>st</sup> May 2016.**

The following schedule shows the extracts from the 2015/16 PMU Business Plan and the actual expenditure and status of projects executed in the 2015/16 financial year. **The expenditure shown and the physical progress is the actual current progress as end 30<sup>th</sup> June 2016.**

**2015/2016 WATER AND SANITATION PROJECTS:**

<b>Project Description</b>	<b>2015/2016 (R) Expenditure</b>	<b>Physical progress (30 June 2016)</b>
Enhlanhleni/KwaPitela Water Project	806,337.57	Construction 100% completed
Underberg Bulk Water Supply Upgrade Phase 2	3,051,391.62	47% construction completed
Mqatsheni Stepmore Water Supply Project	1,601,406.23	90% commissioning of water infrastructure
Umzimkhulu Bulk Water Supply (AFA) MIS 213980: Clydesdale & Border water supply	1,482,337.84	100% construction completed
Makhoba Housing Water Project	2,238,456.68	Springfontein: 100% complete under commissioning Argyll: 90% construction

Horseshoe Sanitation Project - New	6,354,540.22	70% construction
Kokstad Bulk Water and Sewer	6,824,104.22	Construction 98% completed

Upgrade: Sewer rectification in Kokstad, Bhongweni and Shayamoya		
Pakkies Rural Water Supply Ext Phase 2	510,162.15	100% Completed
Greater Kilimon Water Supply Project	15,230,835.96	Construction 85% completed
Ingwe Households Sanitation Project	6,020,020.12	100% Construction
Bulwer to Nkelabantwana and Nkumba Water Project	7,326,197.55	45% construction complete
Greater Mbhulelweni Water Supply Project	19,261,767.68	Construction 90% completed
Ubuhlebezwe Sanitation backlog eradication	490,677.75	100% Construction
Greater Nomandlovu Water Supply Project Phase 2	14,820,592.29	Construction 95% completed
UMkhunya Water Supply Schemes	3,100,529.43	Phase 3: 65% construction completed
Ixopo - Marianthal Water Supply Project	1,244,399.14	Commissioning of water infrastructure 100% completed
Ithubalethu Water Supply	10,111,589.77	Phase 2: 100% construction complete under commissioning
Ncakubana Water Supply Project Phase 2	7,345,691.62	Construction in progress (Mechanical installation on progress) (95%)
Chibini Water Supply Project	8,910,274.56	Phase 3: 100% construction completed and under commissioning
Ufafa Water Supply Project	15,347,583.60	Phase 2: Construction 100% completed
Santombe/Mnqumeni Water Supply Project	30,678,821.09	Construction in progress (80%) and mechanical equipment installation is being finalized
Greater Umzimkulu Sanitation Project	872,976.29	100% Construction
Greater Summerfield Water Project	16,532,019.83	Construction 100% completed
Umzimkulu Sewer Upgrade Phase 2	1,315,330.79	Design complete
Greater Paninkukhu (Kwamthwane) Bulk Water Supply Project (Ward 6,7,8,9,10,12,13,14,18,19)	1,657,880.10	40% completed feasibility study
KwaMey/Theekloof Water Supply	14,626,080.85	Construction 70% completed



## INTRODUCTION TO SANITATION PROVISION

Water Services Development Plan (WSDP) is the umbrella framework for the provision of water and sanitation services plans. It addresses the full spectrum of water supply and sanitation services. Over and above that, HGDM ensures the alignment of policies, legislation and strategies. Some of the strategies outlined in a WSDP are free basic services strategy, water resources strategy and national water strategy.

### Sanitation Service Delivery Levels

Categories of Sanitation	1996	2001	2011	2013-2014	2014-2015	2015-16
Flush toilet (connected to sewerage and with septic tanks)	8301	23477	29177	29501	N/A	?
Pit latrine (Ventilated)	58992	66594	72840	74 455	2138	2820
Bucket latrine	614	1582	1052	890	N/A	N/A
None of the above	7251	10696	9214	7437	N/A	N/A
Unspecified	561	-	-		N/A	N/A

### Employees: Sanitation Services (Infrastructure)

Job Level	FY 2014/2015	F/Y 2015-2016		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
<b>Grade A 1-3</b>	16	0	0	0
<b>Grade B 1-5</b>	9	0	01	03
<b>Grade C 1-5</b>	3	0	01	03
<b>Grade D 1-5</b>	4	02	03	03
<b>Grade E 1-2</b>	0	01	02	07
<b>No Grade</b>	0			
<b>Total</b>		03	09	14

	32			
--	----	--	--	--

### Capital Expenditure Year 2015-2016: Sanitation Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Kokstad Bulk Water and Sewer Upgrade: Sewer rectification in Kokstad, Bhongweni and Shayamoya	R 6 824 104.22	R 6 824 104.22	R 6 824 104.22	
HORSESHOE SANITATION PROJECT NEW	R 6,354,540.22	R 6,354,540.22	R 6,354,540.22	
INGWE HOUSEHOLD SANITATION PROJECT	R 6,020,020.12	6,020,020.12	6,020,020.12	
ERADICATION OF SANIT. BACKLOG IN UBUHLEB	R 490,677.75	R 490,677.75	R 490,677.75	
ERADICATION OF SANIT. BACKLOG IN UMZIMKHULU – RHIG (RURAL HOUSEHOLD INFRASTRUCTURE GRANT)	R 4 500 000		R 4 500 000	
ERADICATION OF SANIT. BACKLOG IN UMZIMKHULU – MIG (MUNICIPAL INFRASTRUCTURE GRANT)	R 872 976.29	R872 976.29	R872 976.29	

### Comments on water and sanitation services performance overall

In 2015/16 financial year the Municipality has contributed to energy efficiency by implementing energy saving implement using the DME grant funding. The project is still continuing in the 2016/17 financial year.

The number of intervention projects to supply potable water to communities using spring protection has been successfully achieved in the area of Mfulamhle, Nkumba/ Nkelabantwana. More over the municipality has implemented a large portion of bulk water projects which will be completed in the 2015/16 financial year. These are projects in Ubuhlebezwe like Chibini, Ufafa, Ixopo upgrading (Ithubalethu), Umzimkhulu, Kwa Meyi-Theekloof which will be completed in the 2016/17 financial year.

The Municipality has also provided Rural Sanitation to Umzimkhulu, Ubuhlebezwe and Ingwe communities towards the eradication of backlog. The Municipality is making a very good progress with the help of the Department of Rural Development and the Department of Water and Sanitation in realising the sanitation backlog eradication.

The water resource development example, phase1 of the Steven Dlamini dam – construction of a weir and bulk pipeline to Bulwer town has been completed. The municipality in 2016/17 will commence with the construction of the dam itself. The municipality is at an advanced feasibility study for an Ibisi dam in Umzimkhulu.

## COMPONENT C: CORPORATE SERVICES

### Comments on the Performance of Human Resources

All the positions of Section 54A and 56 Managers have been filled.

The vacancy rate in the municipality as per the approved organizational structure (2015/2016) is depicted below:

● Total number of posts filled	345
● Vacant posts (funded)	47
● Frozen posts (unfunded)	404
<b>Total in structure</b>	<b>796</b>

### Human Resource Strategy / Plan

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five year IDP.

The Harry Gwala District Municipality has a Human Resource Strategy / Plan, which aims to ensure that an organization has the right number of people, the right kind of people, in the right places, at the right time doing things that are economically most useful for the municipality. The Human Resource Strategy / Plan also deals with demands such as those posed by the implementation of the Skills Development Act, other labour legislation including programmes and policies related to the HIV/AIDS pandemic.

### Skills Development

The HGDM has developed a Workplace Skills Plan to address the skills and competency needs of its employees and Councillors. The Workplace Skills Plan was submitted to the LGSETA on 31 May 2016.

The Harry Gwala District Municipality planned and implemented the following programmes for 2015/2016:

- Accredited Councillor Training
- Councillor Development Programme
- Councillor Finance Management Training
- Local Labour Forum

- CPMD Training
- MFMP training
- Basic and Intermediate Computer training
- Supply Chain Management Training
- Water Plant Operator training
- Intergovernmental Relations Training
- Hazard Identification and Risk Management
- Plumbing Training
- Accountancy
- Training for Environmental Health Practitioners
- Pay Day training
- Disaster Risk Management
- Event Safety Management
- Advanced Driving

### **Employment Equity**

The Employment Equity profile of the HGDM was completed in the 2014/15 reporting period and was submitted to the Department of Labour on / before the 15<sup>th</sup> of January 2016.

Below is the current municipal employee profile in the Harry Gwala District Municipality:

- |                            |         |
|----------------------------|---------|
| • Africans:                | 96.81 % |
| • Coloureds:               | 2.03 %  |
| • Indians:                 | 0.29 %  |
| • Whites                   | 0.87 %  |
| • People with Disabilities | 1.45 %  |

ICT systems purchased during the 2015/16 financial year.

- Tera Station
- NAS Box
- Orbit
- Fortinet Firewall
- Network Switches

- Off-site backup

### **Tera Station**

The Harry Gwala District Municipality employees have access to the network drives (e.g. R-Drive, H-Drive, Planning-Drive, etc.) in order to have a copy of their files at a central location. These files get backed up on a storage device called a Tera station (or buffalo station) on a daily basis. HGDM computer users are encouraged to save their files on the network in the case of the loss/theft/crashing of their computers.

### **NAS Box**

The Harry Gwala District Municipality launched a paperless environment pilot project where Exco members and Executive Directors were issued with Tablets. During the 2015/2016 financial year, a storage device (called a NAS Box) was purchased for the purpose of the central storage of agenda, minutes and all other documents required for committee and council meetings.

### **Orbit**

Orbit is a document management system which was implemented during the 2015/2016 financial year. The significance of this system is to assist the finance department and registry in the availability of old and new documents in a central system.

### **Fortinet Firewall**

The ICT Unit installed a Fortinet firewall as a means to replace the outdated cisco firewall and to “beef up” security as recommended by the Auditor General of South Africa. The firewall acts as a control of incoming and outgoing internet traffic between the Harry Gwala District Municipality computer users and the “outside world”.

### **Network Switches**

Two network switches (24-port) were purchased during the 2015/2016 financial year. These switches were purchased in order to replace faulty switches in the Harry Gwala District Municipality main office right hand-side wing which affected the Corporate Services and the Social Services and Development Planning departments. Replacing the switches enabled the computer users in the departments mentioned above to be able to carry on

with their daily activities and duties which include emails, scanning documents, printing, connecting to the Internet and accessing network drives.

### **Off-site backup**

The Harry Gwala District Municipality appointed a service provider to commission a Server room at the Water Services department in Kokstad. The service provider was appointed during the month of May 2016 as a means to implement the Harry Gwala District Municipality ICT Disaster Recovery Plan and Business Continuity Plan.

### **COMMENTS ON THE INFORMATION COMMUNICATION AND TECHNOLOGY (ICT)**

Due to the deteriorating ICT infrastructure, the Harry Gwala District Municipality upgraded its ICT infrastructure by installing a new server and buying software licenses. Employees and Councilors were migrated from the old server to the new server. This has enabled us to access speedily, e-mail, etc. and also to meet the demands of the municipality. On the 14<sup>th</sup> of July 2015, the website ([www.harrygwaladm.gov.za](http://www.harrygwaladm.gov.za)) was launched officially by the Deputy Mayor with the assistance of Executive Committee Members, the ICT Unit and the service provider who developed the website. The website has a new look and feel. Members of the community, government departments, the private sector, etc. interact with the website by browsing, downloading content, publishing feedback and interacting with the social network quick-links which are found on the website. In addition, individuals are also able to access documentation which has been uploaded as prescribed by legislation.

On the 30 June 2015, the Harry Gwala District Municipality Council approved and adopted the Information System and Security Policy, the ICT Governance Framework, the Master System Plan, the Disaster Recovery Plan and the Business Continuity Plan. All these documents were developed with the assistance of a service provider.

The municipality is currently implementing a disaster recovery site as part of the internet the disaster recovery and business continuity project which will be completed by the end of the 2<sup>nd</sup> quarter of 2016/17 financial year.

#### Employees: ICT Services

Job Level	FY 2013-2014	FY 2014-2015	FY 2015-2016	
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	0	0	0	0
Grade B 1-5	0	0	0	0
Grade C 1-5	0	0	0	0
Grade D 1-5	2	3	3	3
Grade E 1-2	0	0	0	0
No grade	0	0	0	0
<b>Total</b>	2	3	3	3

#### Comments on the performance of Corporate Services

The overall performance of the department was satisfactory save to say that there were challenges (i.e. inadequate financial resources) faced during the 2015/16 financial year. Over and above that we managed to achieve these milestones:

- Implementation of the Electronic Document Management System (EDMS) that helped in storing and retrieving of municipal information especially tender documents, which were always lost in the previous years due to lack of proper document management.
- Publication of the five-year and twenty-year newsletters, which showcased municipal projects implemented throughout the Harry Gwala District.
- Ongoing construction of phase one of the warm site in Kokstad to assist the municipality to back up and recover all of its information in case of a disaster.
- Training and development of Councillors and the first tier of management in the Certificate Programme in Management Development (CPMD) Municipal Finance.
- Training and development of Water Services employees in water treatment.
- Continuous training and development of Councillors and employees and awarding of bursaries.



- Verification of qualifications of senior management and the first tier of management.

It is also worth acknowledging the passing on of some of our employees whilst in service of the municipality, may their souls Rest in Peace.



## COMPONENT D: SOCIAL SERVICES AND DEVELOPMENT PLANNING

### Employees: Social Services and Development Planning

Job Level	FY 2014-2015	FY 2015-2016		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	0	0	0	0
Grade B 1-5	1	1	1	1
Grade C 1-5	9	0	8	4
Grade D 1-5	11	6	14	6
Grade E 1-2	4	0	5	0
No grade	1			
Total	26	7	28	11

### Comments on the Performance of Social Services and Development Planning in 2015-2016 Financial Year

The Harry Gwala District Municipality has a fully functional disaster management Centre as required by the Disaster Management Act (Act 57 of 2002). The following is in place as per the Act:

- The Disaster Management Framework
- The Disaster Management Plan
- The Disaster Management Center
- The Disaster Management Advisory Forum
- The Disaster Management Volunteer unit

#### ***Establishment of the Disaster Management Center***

The Disaster Management Centre is along the provincial road R56 in Morningside Ixopo and was officially opened by the MEC COGTA Ms N. Dube-Ncube.

The District Disaster Management has various programmes initiated for its communities in order to equip them with the necessary educational information to prevent disasters from occurring or lessen the impact; the Municipality has during the 2015/2016 financial year conducted 12 awareness campaigns, as part of mitigating and preventing the effects of fires, the municipality also procured fire beaters that are distributed within the district including to the disaster management volunteers for purposes of building a first line response to fires in case of fire occurrences.

The municipality also makes provision for budget to procure disaster relief in order to assist victims of disaster incidents and/ or disasters in case they occurred. (Sponges, Emergency food parcels, plastic rolls, blankets and tents)

Although, there was no disaster declaration in the financial year 2015/2016, the municipality did experience disaster incidents around the District of which their effects were severe but the Local and District Municipality assisted to the best of their capacity.

The municipality has also collaborated with the FPA which will enhance the information system at the Centre to further control and respond efficiently to fire occurrences and other incidence. This collaboration will improve response and recovery further is of benefit to the community of Harry Gwala.

### **Comments on the Performance of Municipal Health Services**

Currently the Municipal Health service is provided at its optimal level, although there are challenges of shortage of staff within the unit but the municipality is paving its way to increasing its staff compliment in the future.

Within the unit, there are six officials currently employed by the municipality of those two are Municipal Health Services Manager's.

### ***Health and Hygiene Awareness Campaigns***

The District Municipality developed and approved a health and hygiene strategy that is implemented accordingly. 15 health and hygiene awareness campaigns were conducted during the financial year 2015/2016 which exceeded the target. Such awareness campaigns promote prevention of communicable diseases and general housekeeping at a community level and other aspects associated with hygiene of the environment.

### ***Water Quality Monitoring***

The Municipal Health Unit was able to analyze 220 water samples, in the financial year 2015/2016 for water quality monitoring purposes to prevent water borne diseases. Where water results indicated none compliance to the SANS 241, actions were taken to ensure that, notices are issued to WSA for non-compliance and where the community needed to be trained on safer ways of treating contaminated water is conducted and or when a need arises. This water monitoring has exceeded the set target.

### ***Policy on Pauper and Destitute Burial***

The municipality developed and review on an annual basis the above policy administered by the Municipal Health Services Unit for purposes of assisting local municipalities in dealing with issues of paupers and destitute burials.

### ***Street Traders Workshops and Inspections***

For purposes of protecting the public against unsafe food sold from the streets, the municipal health services unit conducted 10 street traders' workshops throughout all towns under the 5 LM's during the 2015/2016 financial year and exceeded the set target. The street traders are educated on safe food handling methods of food stuff and products to prevent cross-contamination. Also premises inspected for compliance during 2015/2016 financial year is 223 inclusive of funeral parlours, private and public business premises the target has been exceeded.

### ***Cleanup Campaigns***

As part of promoting clean environment of our small towns and other, the municipality conducts cleanup campaigns

During the cleanup campaigns the community and school children are involved as part of instilling a culture of proper waste disposal. 5 cleanup campaigns were held during the 2015/2016 financial year and target is exceeded.

### ***Municipal Health Services Forum***

The Municipal Health Services Forum is a structure that is responsible of dealing with all municipal health issues. It sits once a quarter and has been held four (4) times in the financial year 2015/2016.

### ***Greenest Municipality Competitions***

The district municipality strives to promote a healthy and cleaner environment by having an annual greenest competition whereby all the local municipalities within the district are encouraged to channel more resources in waste management and urban greening as well as prevent the deterioration of the environment to lessen the impact of climate change.

In the financial year 2015/2016, the overall winner of the competition was Greater Kokstad Local Municipality.

### ***Investigation of Communicable Diseases Food and Chemical Poisoning***

One of the most important aspects dealt with by the Municipal Health Services, is that of investigating reported communicable diseases cases. During the financial year, there were cases reported and some resulting in death, all were attended accordingly.

## CHAPATER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### A. COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTAL, TURNOVER AND VACANCIES

The information cited hereunder is as per the approved Organisational structure, as at 30 June 2015.

EMPLOYEES					
Description	FY 2014-2015	FY 2015-2016			
	No. of Employees	No. of Approved Posts	No. of Employees	No. of Vacancies	Vacancies (as a % of Total Posts)
Office of the Municipal Manager	15	13	7	6	17.64%
Budget & Treasury Services	30	84	49	35	9.86%
Water Services	186	565	197	23	4.35%
Corporate Services	28	60	45	15	6.78%
Social Services and Development Planning	25	41	30	12	5.45%
Infrastructure Services	34	33	17	15	0%
<b>Total</b>	<b>296</b>	<b>796</b>	<b>345</b>	<b>106</b>	<b>44.08%</b>

Vacancy Rate: 2015-2016			
Description	Total No. of Approved Posts	Vacancies	Vacancies (as a % of total posts per category)
Municipal Manager	1	0	0%
CFO	1	0	0%
s.57 Managers (excluding Finance)	4	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance)	58	53	50%
Highly skilled supervision: levels 9-12 (Finance posts)	17	5	35%

## B. COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Section 67 of the MSA states that "A municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72(l)(c), to ensure fair, efficient, effective and transparent personnel administration..." This component cites the range of workforce management and progress made in the development of workforce policies and management practices during FY 2015 – 2016.

### 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	% Complete	% Reviewed	Date Adopted by Council or Comment on Failure to Adopt
1	Acting in higher position	100%	N/A	Adopted on 30 June 2014
2	Annual leave policy	100%	N/A	Adopted on 30 June 2014
3	Bursary policy	100%	N/A	Adopted on 30 June 2014
4	Death in Service	100%	N/A	Adopted on 30 June 2014
5	Disciplinary & Grievance policy	100%	N/A	Adopted on 30 June 2014
6	Employee wellness policy	100%	N/A	Adopted on 30 June 2014
7	Experiential training policy	100%	N/A	Adopted on 30 June 2014
8	Family responsibility leave	100%	N/A	Adopted on 30 June 2014
9	HIV and AIDS policy	100%	N/A	Adopted on 30 June 2014
10	Induction policy	100%	N/A	Adopted on 30 June 2014
11	Integrated Employee H & W	100%	N/A	Adopted on 30 June 2014
12	Internal transfer policy	100%	N/A	Adopted on 30 June 2014
13	Internship policy	100%	N/A	Adopted on 30 June 2014
14	Learnership policy	100%	N/A	Adopted on 30 June 2014
15	Occupational health and safety policy	100%	N/A	Adopted on 30 June 2014
16	Overtime policy	100%	N/A	Adopted on 30 June 2014
17	Parental leave	100%	N/A	Adopted on 30 June 2014
18	Probation leave	100%	N/A	Adopted on 30 June 2014
19	Recruitment and selection policy	100%	N/A	Adopted on 30 June 2014
20	Scarce & Critical skill policy	100%	N/A	Adopted on 30 June 2014
21	Sexual harassment policy	100%	N/A	Adopted on 30 June 2014
22	Sick leave	100%	N/A	Adopted on 30 June 2014
23	Skills development policy	100%	N/A	Adopted on 30 June 2014



<b>24</b>	Staff appointment policy	100%	N/A	Adopted on 30 June 2014
<b>25</b>	Standby policy	100%	N/A	Adopted on 30 June 2014
<b>26</b>	Study leave policy	100%	N/A	Adopted on 30 June 2014
<b>27</b>	Subsidized motor vehicle scheme	100%	N/A	Adopted on 30 June 2014
<b>28</b>	Termination of service policy	100%	N/A	Adopted on 30 June 2014
<b>29</b>	Travel and subsistence policy	100%	N/A	Adopted on 30 June 2014
	<b>Strategies/ Plans</b>			
	HR Strategy/ Plan	100%	N/A	Adopted on 30 June 2014
	Employment Equity Plan	100%	N/A	Adopted on 30 June 2014

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

There were five days lost when four of our employees were injured at work. Those employees only required basic medical attention thus the first aiders utilised the provided first aid kits. Furthermore, there were 24 days lost when two of our employees were injured at work. Those employees had to be referred to a registered Medical Practitioner for assessment.

#### ***Steps taken to reduce injuries:***

- a) The municipality conducted a wellness day where employees were encouraged about living healthy lifestyle so that they can be fully fit at work.
- b) The municipality has procured signs which included warning signs, they were installed in different offices.
- c) The municipality has done a risk assessment which was basically to identify hazards and associated risks, management recommendations were made so to minimise risks.
- d) The municipality has provided Employee Protective Clothing for those hazards that employees are exposed to which cannot be eliminated.

Number and Cost of Injuries on Duty				
Type of Injury	Injury Leave Taken (Days)	No. of Employees Using Injury Leave	% Proportion of Employees Using Sick Leave	Average Injury Leave per Employee
Required basic medical attention only	222	15	33.3%	14.8%
Temporary disablement	222	15	33.3%	14.8%
Permanent disablement	0	0	0%	0
Fatal	0	0	0%	0
<b>Total</b>	<b>29</b>	<b>5</b>	<b>84%</b>	<b>25.25</b>

Number of days and Cost of sick leave (excluding Injuries on Duty)				
Salary band	Total Sick Leave Days	No. of employees using sick leave	Total no. of employees in post	Average sick leave per employee (Days)
Lower skilled (Levels 1-2)	247	24	113	2.42
Skilled (Levels 3-5)	264	23	61	2.26
Highly skilled production (Levels 6-8)	240	38	69	3.00
Highly skilled supervision (Levels 9-12)	185	23	66	6.29
Senior management (Levels 13-15)	130	10	30	1.93
MM and s.57	11	3	6	0.17
<b>Total</b>	<b>1077</b>	<b>121</b>	<b>339</b>	<b>2.83</b>

It should be noted that the “*Total Number of Employees in Post*” refers to the number of employees in post at the beginning of the FY 2015/2016.

Number and Period of Suspensions				
Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or Status of case and reasons why not finalized	Date finalized
NOT APPLICABLE				

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of alleged misconduct and Rand value of any loss to Harry Gwala DM	Disciplinary action taken	Date finalized
NOT APPLICABLE			

#### 4.4 PERFORMANCE REWARDS

Performance Rewards by Gender					
Designations	Gender	Total No. of Employees in Group	No. of Beneficiaries	Expenditure on Rewards FY 2015/2016 (R'000)	% Proportion of Beneficiaries Within Group
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0

Highly skilled production (Levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (Levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and s.57	Female	0	0	0	0
	Male	0	0	0	0
<b>Total</b>		0	0	0	0

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68 of the MSA requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

In accordance with the National Treasury: Local Government: MFMA Competency Regulations, progress in the HGDM financial competency development is as follows:

Financial Competency Development: Progress Report						
Description	A. Total no. of official employed by HGDM	B. Total no. of official employed by HGDM Entities	Consolidated Total (A+B)	Consolidated competency assessments completed for A & B	Consolidated no. of officials whose performance agreements comply with Reg. 16	Consolidated no. of officials who meet prescribed competency levels
<b>Financial Officials</b>						
Accounting officer	1	1	2	1	2	1
Chief financial officer	1	1	2	0	2	0
Senior managers	4	2	6	2	6	2
Any other	17	0	17	7	0	7

officials						
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Supply Chain Management Officials						
Heads of SCM unit	1	0	1	1	0	1
SCM senior managers	0	0	0	0	0	0
<b>Total</b>	<b>24</b>	<b>4</b>	<b>28</b>	<b>11</b>	<b>10</b>	<b>11</b>

Skills Development Expenditure (R'000)										
Management level	Gender	Original Budget & Actual Expenditure on Skills Development								
		Empl oyees as @ begin ning of FY20 15/2 016	Learners hips		Skills Programmes & Other short Courses		Other Forms of Training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM & s57	Female	1					30000	30000	30000	30000
	Male	3			90000	90000			90000	90000
Legislators, senior officials and managers	Female	19			10000 0	10300 0	50000	50000	150000	163000
	Male	21			11000 0	11000 0	70000	80000	180000	190000
Professionals	Female	15			75000	70000			75000	70000
	Male	14			70000	60000			70000	60000
Technicians and associate professionals	Female	6			30000	32000			30000	32000

	Male	14			10000	10000			10000	10000
Clerks	Female	34			22000	22000			220000	220000
					0	0				
	Male	18			10000	10000			100000	100000
					0	0				
Service and sales workers	Female	1			5000	5000			5000	5000
	Male	0			0	0			0	0
Plant and machine operators and assemblers	Female	0			0	0			0	0
	Male	6			30000	30000			30000	30000
Elementary occupations	Female	24			20000	20000			200000	200000
					0	0				
	Male	58			31000	31267			310000	312679
					0	9				
Sub-total	Female	100								
	Male	134								
<b>Total</b>		234			13500	13426	15000	17000	1500000	1, 512 679
					00	79	0	0		
<b>Total budget for training and development 2015/2016</b>								<b>R1, 500 000.00</b>		
<b>% and R value of municipal salaries (original budget) allocated for workplace skills plan</b>										

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Harry Gwala District Municipality conducts its training through the Work Place Skills Plan. In the 2015/ 2016 financial the whole training budget was utilized, it is worth noting that the current budget is inadequate to train the affected staff.

### 4.6 EMPLOYEE EXPENDITURE

Number of employees whose salaries were increased due to positions being upgraded		
Designations	Gender	Total No. of Employees
Lower skilled (Levels 1-2)	Female	2
	Male	None
Skilled (Levels 3-5)	Female	None
	Male	2
Highly skilled production (Levels 6-8)	Female	1
	Male	None
Highly skilled supervision (Levels 9-12)	Female	3
	Male	2
Senior management (Levels 13-15)	Female	None
	Male	None
MM and s.56	Female	None
	Male	None
<b>Total</b>		None

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	No. of employees	Date of appointment	No. appointed	Reason for appointment when no established post exists
N/A	N/A	N/A	N/A	N/A

Job evaluation process is currently underway thus the table above is not applicable.



Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
N/A	N/A	N/A	N/A	N/A

The HGDM Organizational structure was approved after engagement of the employer and employee representatives. There are no positions that were upgraded in the 2015/2016 financial year because the municipality is waiting for the job evaluation processes to resume.

## CHAPTER 5

### 5.1 INTRODUCTION

Sustainable Financial Management still remain at the forefront of ensuring sustainable municipal service delivery. Conservative and prudent management of the public purse by the budget & treasury office remains at the core of ensuring the realisation of this critical Municipal Financial Management Act (MFMA) objective. In essence, the MFMA contributes towards ensuring that financial resources at a local government level are developmental, effective and efficient and that municipalities / municipal entities are held accountable for the effective management of their funds by encouraging transparency.

The aim of this chapter is to provide an overview of the financial performance of the municipality / municipal entity thorough measuring of actual results against actual and also through evaluating historical trends.

Information included in this chapter is structured as follows:

- ✓ Component A: Statement of Financial Performance
- ✓ Component B: Spending against Capital Budget
- ✓ Component C: Cash flow Management and Investment
- ✓ Component D: Other Financial Matters

## 5.2 Component A: Statement of Financial Performance

For the financial year under review, the Harry Gwala District Municipality once again obtained an unqualified opinion and the summary of its financial performance (Budget vs. Actual) is as follows:

✓ 90% of Operating Revenue Budget Earned, 96% of Capital Budget Spent, 116% of Operating Expenditure Budget Spent

HARRY GWALA DISTRICT MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015/16											
Description	2014/15							Note on variances (1)	Variance (2) between Final Budget and Actual outcome	% Variance	Note on variances (2)
	Original Budget	Budget Adjustments	Final Budget	Actual outcome	(Unauthorised Expenditure)	Variance (1) between Original and Final Budget	% Variance				
<b>Financial Performance</b>											
Service charges	55,902,384	(80,351)	55,822,033	42,926,545	-	(80,351)	-0.1%	An downward adjustment to service charges due to decreased demand because of drought.	12,895,488	23%	Impact of drought in the Province leading to reduced demand.
Interest earned - external investments	4,375,000	(1,000,000)	3,375,000	3,070,961	-	(1,000,000)	-23%	Downward adjustment due to lower investment balances	304,039	9%	Greater than expected investment performance
Interest earned - outstanding debtors	6,360,000	1,640,000	8,000,000	8,663,846	-	1,640,000	26%	Original budget was too conservatively estimated	(663,846)	-8%	Due to greater than projected debtors book
Government grants and subsidies	249,823,125	10,580,350	260,403,475	238,229,741	-	10,580,350	4%	Additional Operational Grants Gazetted during the year	22,173,734	9%	Underexpenditure on operational conditional grants
Other income	968,000	130,000	1,098,000	2,038,758	-	130,000	13%	Additional other revenue forecasted	(940,758)	-86%	Underbudgeting on operational conditional grants
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>317,428,508</b>	<b>11,269,999</b>	<b>328,698,508</b>	<b>294,929,851</b>		<b>11,269,999</b>			<b>33,768,657</b>		
Employee Related Costs	114,030,672	2,000,000	116,030,672	127,141,166	(11,110,494)	2,000,000	2%	Upward adjustment to meet operational requirements.	(11,110,494)	-10%	Staff increase due to operational requirements
Remuneration of Councillors	7,320,558	-	7,320,558	6,037,608	-	-	0%	No budget adjustment	1,282,950	18%	Over budgeting for Councillors allowance due to late determination receipt
Dept impairment	24,691,673	-	24,691,673	23,721,683	-	-	0%	No budget adjustment	969,990	4%	Within variance limits
Depreciation and asset impairment	30,000,000	-	30,000,000	39,315,296	(9,315,296)	-	0%	No budget adjustment	(9,315,296)	-31%	Additional assets in excess of budgeted depreciation
Finance charges	2,228,389	(1,114,000)	1,114,388	2,861,825	(1,747,437)	(1,114,000)	-50%	Perceived overstated original budget	(1,747,437)	-157%	Underbudgeting for finance charges.
Bulk Purchases	8,705,737	1,146,525	9,852,262	8,640,329	1,211,933	1,146,525	13%	Overstated adjustment based on midyear report.	1,211,933	12%	Lower than projected bulk water consumption.
Other materials	-	-	-	-	-	-	-	-	-	-	-
Contracted services	32,015,000	21,340,610	53,355,610	58,714,258	(5,358,648)	21,340,610	67%	Correction of errors in the original budget	(5,358,648)	-10%	Overexpenditure due to the higher demand for infrastructure operations and maintenance.
Transfers and grants	20,000,000	(1,903,980)	18,096,020	16,096,020	-	(1,903,980)	-10%	Decrease in the Transfer to the HGDM to mitigate cash flow risk.	2,000,000	11%	Savings to circumvent cash flow risk
Other Expenditure	106,629,407	19,959,161	126,588,568	165,097,231	(38,508,663)	19,959,161	19%	Increase in R & M costs and due to reclassification of capital expenditure line items to opex.	(38,508,663)	-30%	Excess expenditure is mainly attributable to the accelerated provision of sanitation services in rural areas.
Loss on disposal of PPE	-	-	-	1,529,100	(1,529,100)	-	100%	N/a	(1,529,100)	100%	Loss on disposal of PPE that were not budgeted for due to difficulties in estimating this expenditure at the preparation of the budget.
<b>Total Expenditure</b>	<b>345,621,435</b>	<b>41,428,315</b>	<b>387,049,750</b>	<b>449,154,516</b>	<b>(66,357,706)</b>	<b>41,428,315</b>			<b>(62,104,766)</b>		
<b>Surplus</b>	<b>(28,192,927)</b>	<b>(30,158,316)</b>	<b>(58,351,243)</b>	<b>(154,224,665)</b>		<b>(52,170,403)</b>					
Transfers recognised - capital	270,789,875	(26,500,000)	244,289,875	294,104,838	-	(26,500,000)	-	Operational Grants transferred to Operational Budget	(49,814,963)	-20%	The over recognition of the transfers capital was mainly caused by the accelerated spending on Infrastructure Grants.
<b>Surplus for the year</b>	<b>(28,192,927)</b>	<b>(30,158,316)</b>	<b>(58,351,243)</b>	<b>139,880,173</b>		<b>(30,158,316)</b>	107%		<b>(198,231,416)</b>		

## Functional Performance of Operational Services

### HARRY GWALA DISTRICT MUNICIPALITY

#### - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2015/16			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome
R thousand	1	2	3	4
<b>Revenue - Standard</b>				
<i><b>Governance and administration</b></i>	<b>249,598</b>	<b>5,461</b>	<b>255,059</b>	<b>251,261</b>
Executive and council	–	–	–	–
Budget and treasury office	249,598	5,461	255,059	251,261
<i><b>Economic and environmental services</b></i>	<b>1,100</b>	<b>–</b>	<b>1,100</b>	<b>–</b>
Planning and development	1,100	–	1,100	–
<i><b>Trading services</b></i>	<b>337,520</b>	<b>(20,691)</b>	<b>316,829</b>	<b>337,774</b>
Electricity	–	–	–	–
Water	61,230	(4,691)	56,539	43,669
Waste water management	276,290	(16,000)	260,290	294,105
Waste management	–	–	–	–
<i><b>Other</b></i>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Revenue - Standard</b>	<b>588,218</b>	<b>(15,230)</b>	<b>572,988</b>	<b>589,035</b>
<b>Expenditure - Standard</b>				
<i><b>Governance and administration</b></i>	<b>133,932</b>	<b>(2,324)</b>	<b>131,608</b>	<b>141,158</b>
Executive and council	28,719	(4,235)	24,484	25,380
Budget and treasury office	59,527	3,918	63,444	63,358
Corporate services	45,686	(2,007)	43,680	52,420
<i><b>Economic and environmental services</b></i>	<b>54,286</b>	<b>(1,858)</b>	<b>52,428</b>	<b>46,445</b>
Planning and development	54,286	(1,858)	52,428	46,445
<i><b>Trading services</b></i>	<b>157,403</b>	<b>45,610</b>	<b>203,013</b>	<b>261,551</b>
Electricity	–	–	–	–
Water	134,197	24,945	159,142	175,668
Waste water management	23,206	20,666	43,872	85,883
<b>Total Expenditure - Standard</b>	<b>345,621</b>	<b>41,428</b>	<b>387,050</b>	<b>449,155</b>
<b>Surplus/(Deficit) for the year</b>	<b>242,597</b>	<b>(56,658)</b>	<b>185,939</b>	<b>139,880</b>

## Grants Performance

DC43 Sisonke - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June

Description	2014/15	Budget Year 2015/16				
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Original Budget %	Adjusted Budget %
<b>R thousands</b>						
<b>RECEIPTS:</b>						
<b><u>Operating Transfers and Grants</u></b>						
<b>National Government:</b>	<b>263 074</b>	<b>248 723</b>	<b>259 223</b>	<b>263 136</b>	<b>0</b>	<b>0</b>
Local Government Equitable Share	230 622	241 033	241 033	240 839	100%	100%
Finance Management	1 250	1 250	1 250	1 248	100%	100%
Municipal Systems Improvement	934	940	940	928	99%	99%
Municipal Infrastructure Grant (PMU)	18 724	3 460	9 460	7 442	215%	79%
Water Services Operating Subsidy	–	–	–	–	0%	
Rural Roads Asset Management Grant	2 044	2 040	2 040	2 040	100%	100%
Rural Household Infrastructure Grant	4 500	–	4 500	4 500		100%
Energy Efficiency and Demand Management Grant	5 000			6 139		
Drought Relief				–	–	
<b>Provincial Government:</b>	<b>750</b>	<b>1 100</b>	<b>1 180</b>	<b>14 343</b>	<b>0</b>	<b>0</b>
Development Planning Shared Services	250	1 100	1 100	240	22%	22%
Tourism route	500				0%	0%
LGSETA			80	–		0%
Drought Relief				14 103		
<b>Total Operating Transfers and Grants</b>	<b>263 824</b>	<b>249 823</b>	<b>260 403</b>	<b>277 479</b>	<b>0</b>	<b>0</b>

**COMMENT ON OPERATIONAL GRANT PERFORMANCE**

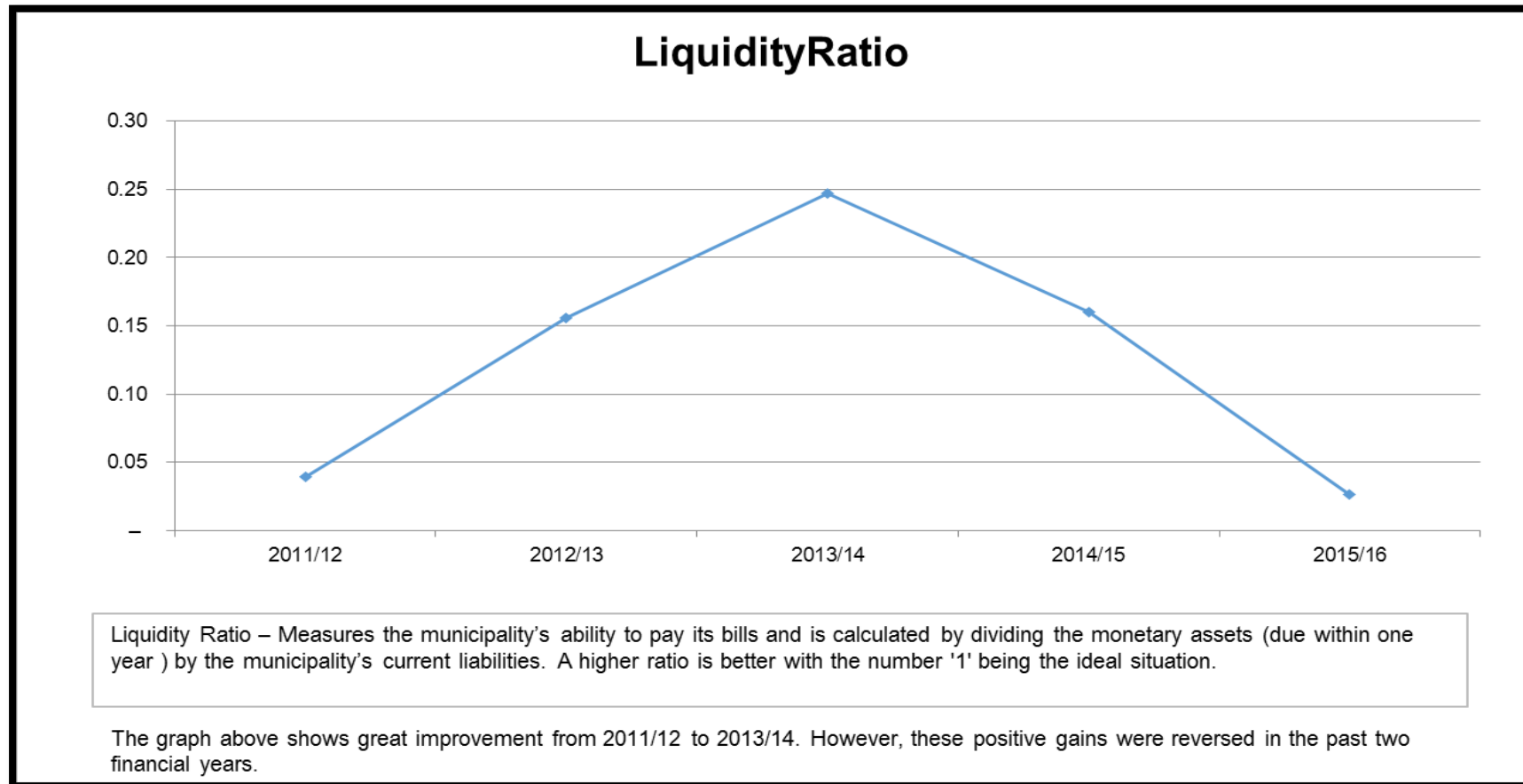
The table above shows the operational grants performance against the budget as well as the prior year's performance. Except for the 12% underperformance on the Development Planning Shared Services Grant and over performance on the Municipal Infrastructure Grant, all other current year grants transfers were fully spent.

## Asset Management

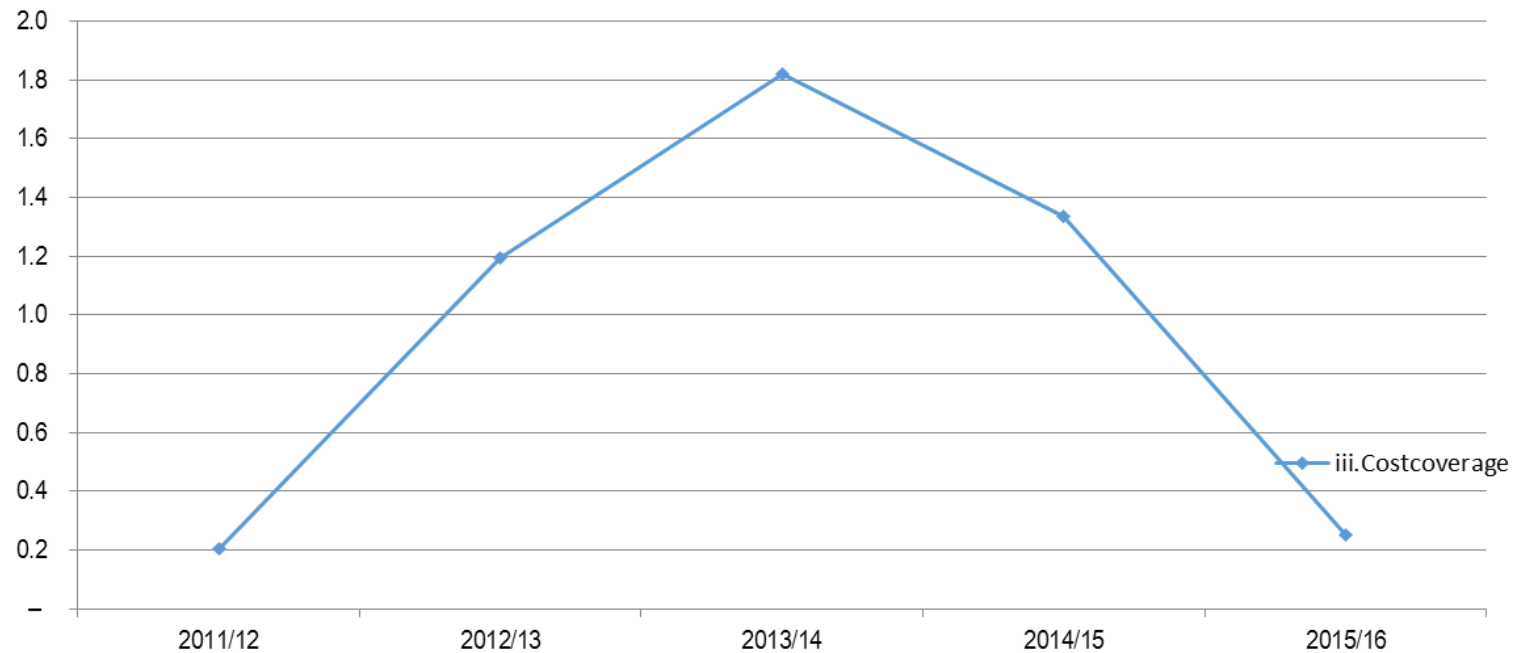
DC43 Sisonke - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M12 June

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	258 462	260 490	232 188	26 794	190 051	260 490	70 439	27,0%	260 490
Infrastructure - Electricity	1 830	–	–	–	–	–	–		–
Transmission & Reticulation	1 830	–	–	–	–	–	–		–
Infrastructure - Water	222 520	231 990	203 688	19 397	165 673	231 990	66 317	28,6%	231 990
Dams & Reservoirs	28 200	–	–	–	–	–	–		–
Water purification	3 000	–	–	–	–	–	–		–
Reticulation	191 320	231 990	203 688	19 397	165 673	231 990	66 317	28,6%	231 990
Infrastructure - Sanitation	34 112	28 500	28 500	7 397	24 378	28 500	4 122	14,5%	28 500
Reticulation	28 169	–	–	–	–	–	–		–
Sewerage purification	5 943	28 500	28 500	7 397	24 378	28 500	4 122	14,5%	28 500
<b>Other assets</b>	18 162	9 950	9 950	25	2 720	9 950	7 230	72,7%	9 950
General vehicles	–	–	–	–	–	–	–		–
Specialised vehicles	–	–	–	–	–	–	–		–
Plant & equipment	6 025	4 600	4 600	–	2 457	4 600	2 143	46,6%	4 600
Computers - hardware/equipment	1 380	–	–	–	–	–	–		–
Furniture and other office equipment	2 179	1 450	1 450	25	263	1 450	1 187	81,9%	1 450
Other Buildings	8 578	600	600	–	–	600	600	100,0%	600
Other	–	3 300	3 300	–	–	3 300	3 300	100,0%	3 300
<b>Intangibles</b>	200	1 100	1 100	9	1 114	1 100	(14)	-1,3%	1 100
Computers - software & programming	200	1 100	1 100	9	1 114	1 100	(14)	-1,3%	1 100
Other	–	–	–	–	–	–	–		–
<b>Total Capital Expenditure on new assets</b>	<b>276 825</b>	<b>271 540</b>	<b>243 238</b>	<b>26 827</b>	<b>193 885</b>	<b>271 540</b>	<b>77 655</b>	<b>28,6%</b>	<b>271 540</b>

## Financial Ratio's based on key financial indicators



## Cost Coverage

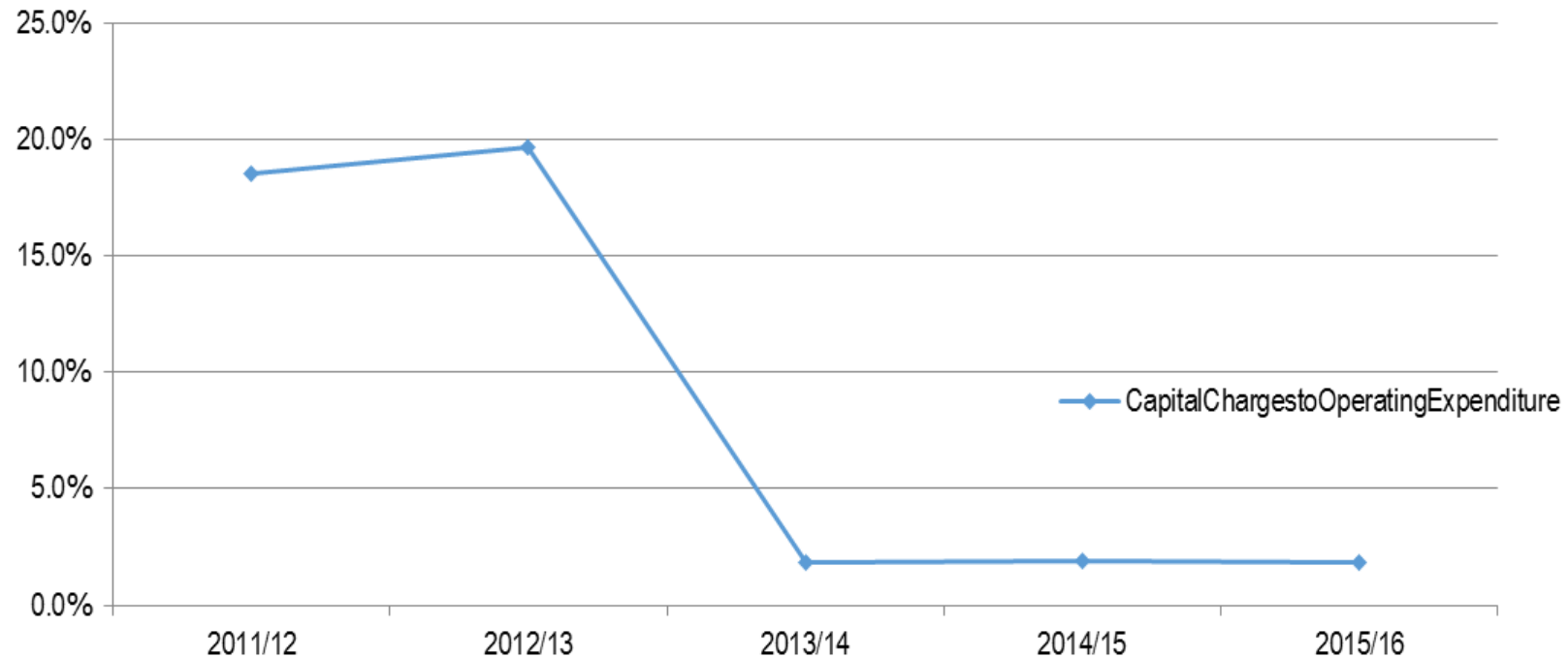


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

This ratio has been on a positive trend with the municipality being able to sustain operations for a period of upto two months without any cash inflows in 2013/14. However, the municipality has since regressed on this positive trend calling from much more stringent financial management measures.



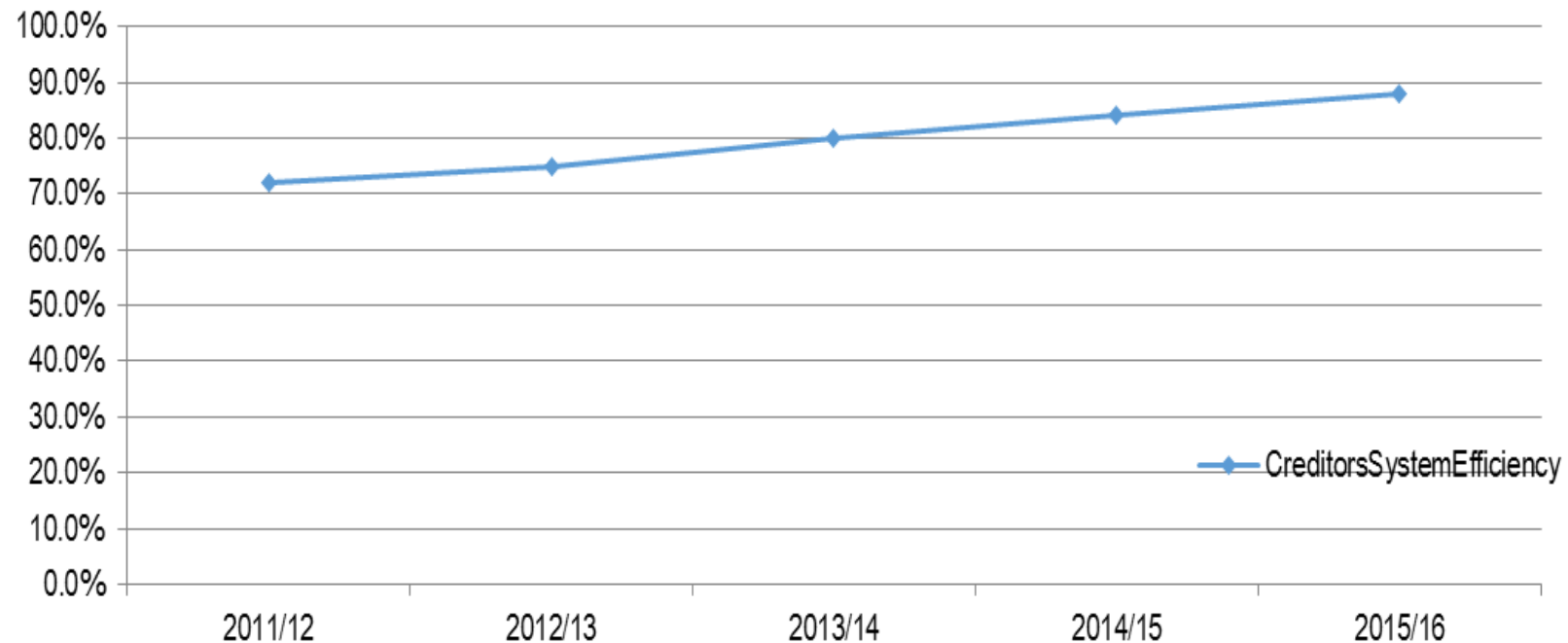
## Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

This trend has declined in the year under review due to the high increase in operating expenditure and the reduction in the capital outstanding balance.

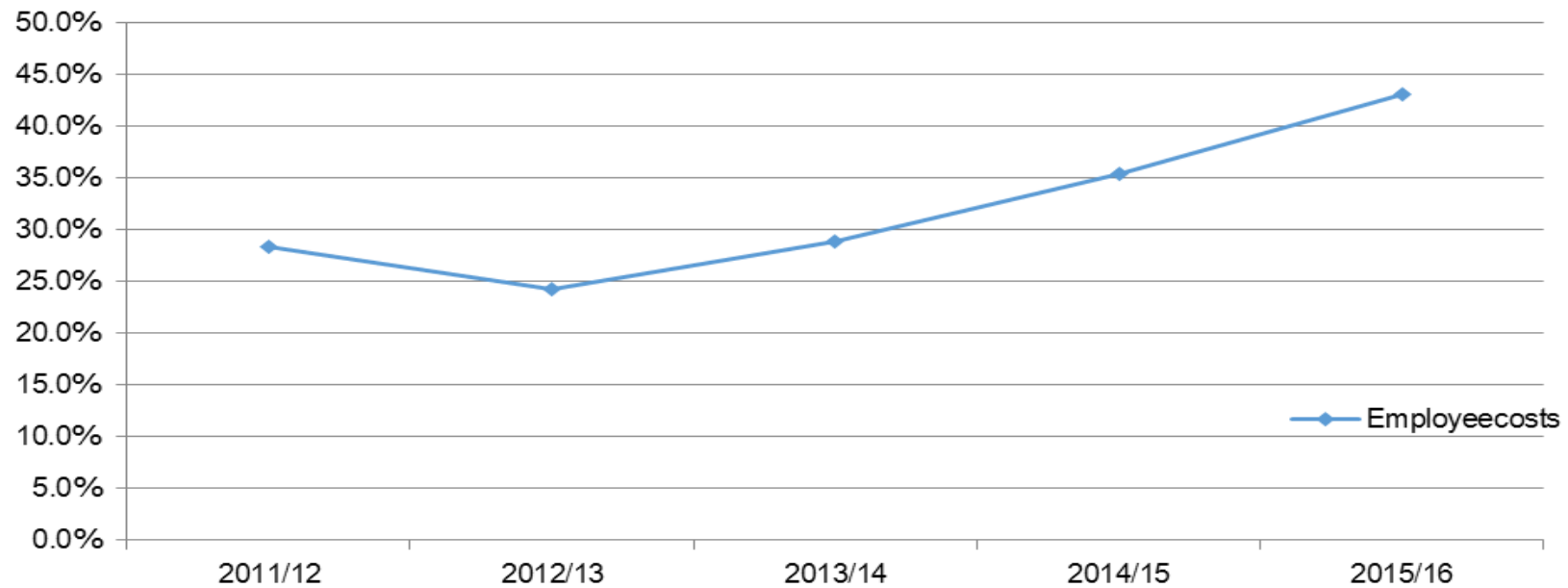
## Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

There has been continuous steady improvements in the payment of creditors.

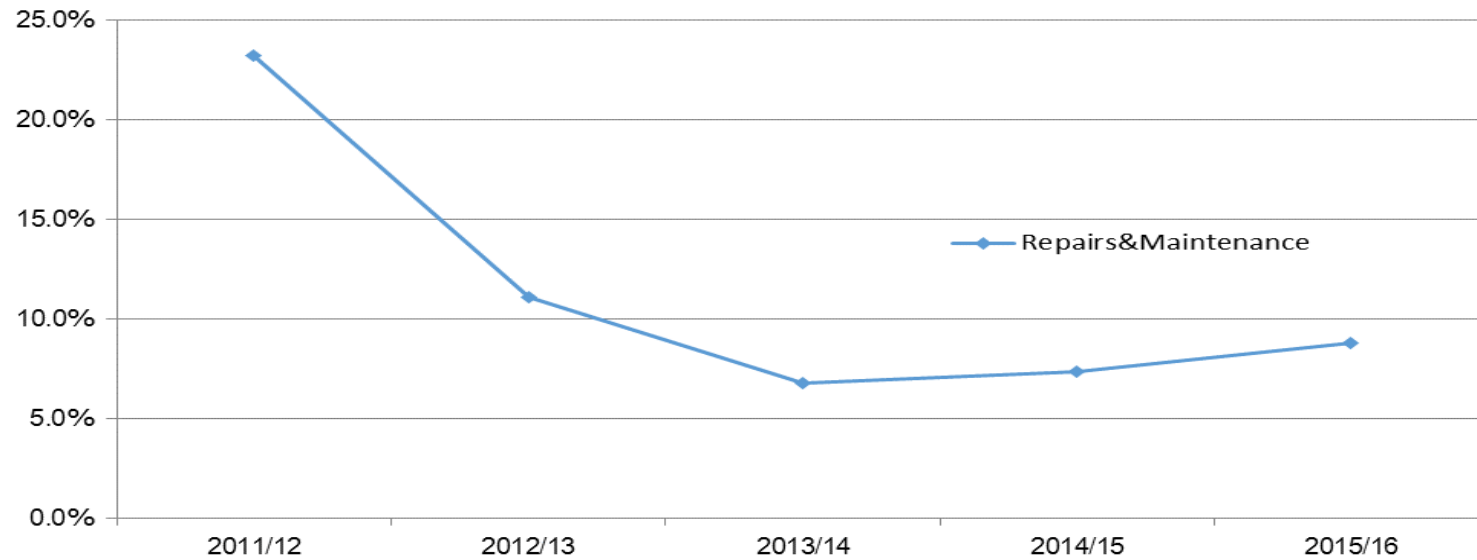
## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

An increasing trend can be noticed in the Employee Related Costs which could pose financial risks if the increase in own revenue does not keep up with increasing costs.

## Repairs & Maintenance

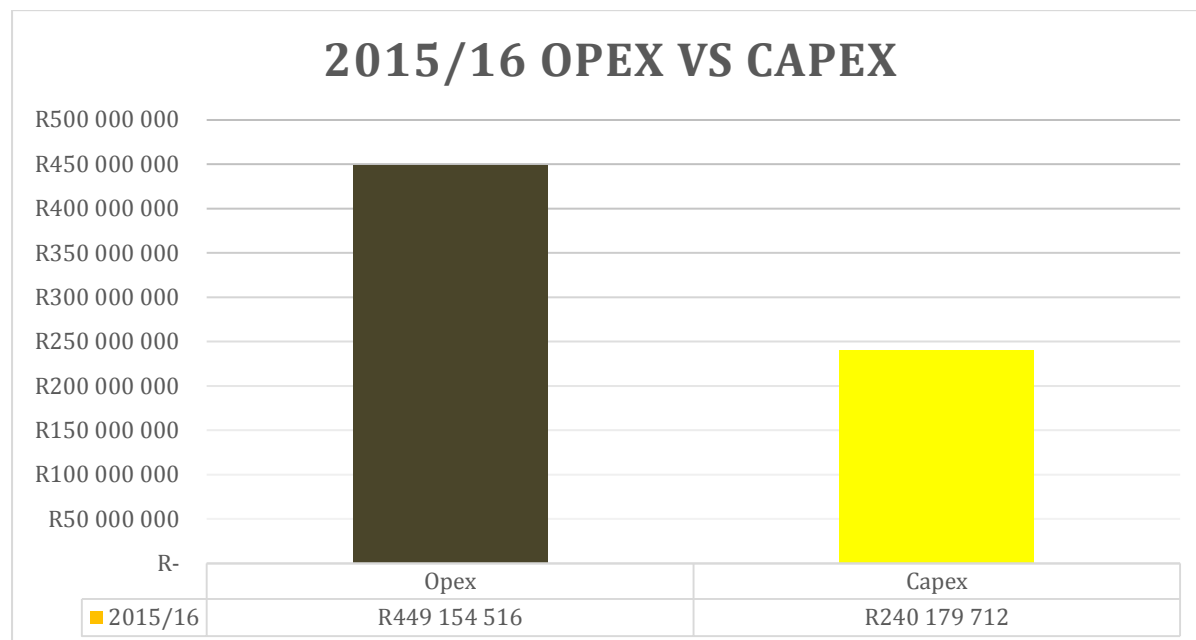


Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

This ratio shows that the percentage of Revenue spent on Repairs and maintenance has been declining from 2011/12 to 2013/14 but has since been improving in the past two financial years.

### 5.3 Component B: Spending against Capital Budget

Capital expenditure largely relates mainly to construction projects that will have value lasting over many years. In the case of the District, this relates to the Water & Sanitation Capital expenditure which is mainly funded from National Grants Transfers. The municipality spent 96% of its Capital Budget.



While operating expenditure for the year under review was 65% (53%) of the total budget, It should however be borne in mind that there exists a category of capital expenditure projects in the operating expenditure which therefore increases this expenditure as presented.

An analysis of expenditure on the capital budget shows that the municipality's Capital expenditure is highly reliant on Government Grants and subsidies. The district's commitment towards water & sanitation service delivery backlogs reduction is indicated by the greater than 95% expenditure trend on water & sanitation infrastructure in the capital budget under trading services.

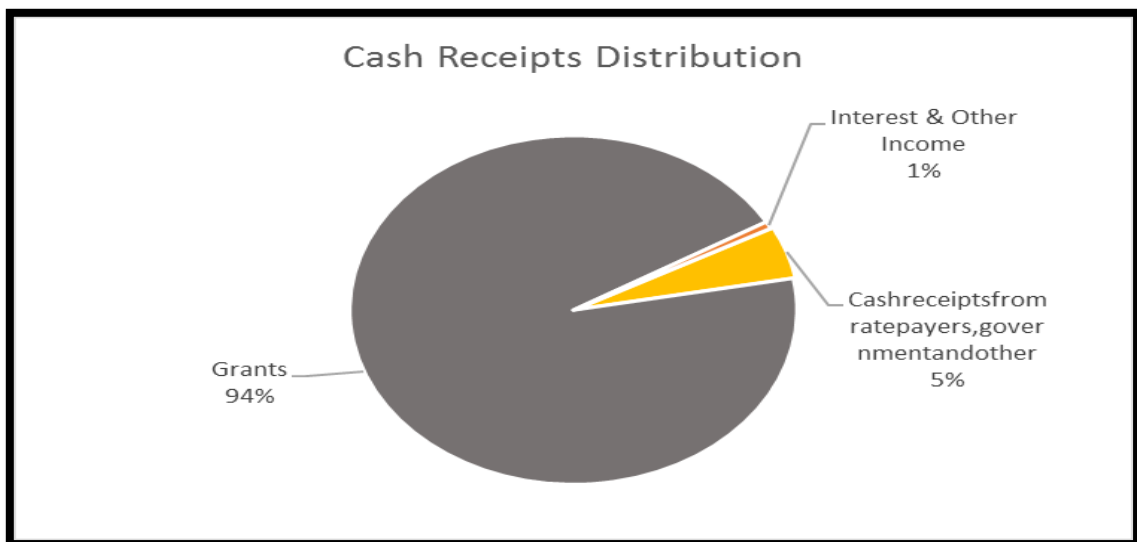
## 5.4 Component C: Cash flow Management and Investment

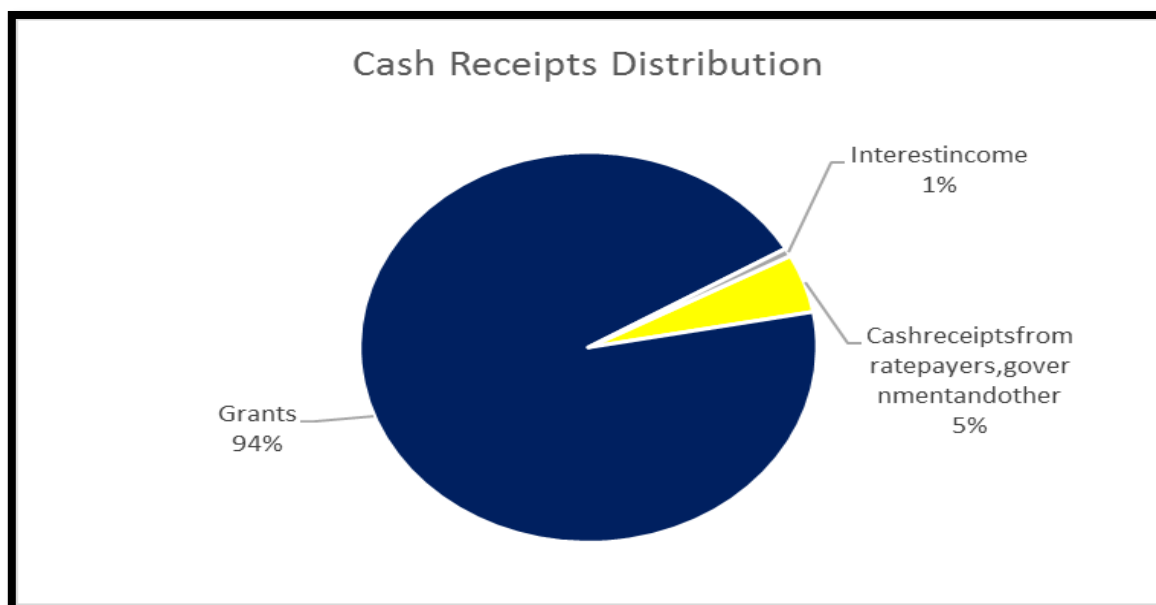
### COMMENT ON CASH FLOW OUTCOMES

Up until 2013/14 financial year, the municipal yearend cash flow position has been on an upward trend however, in the past two years, that has since reversed posing cash flow risk to the municipality.

✓ 2011/12	R3,5million
✓ 2012/13	R20,1million
✓ 2013/14	R29, 4million
✓ 2014/15	R25, 8million
✓ 2015/16	R5, 8million

Stringent cost containment measures would need to be adopted to ensure that the municipality's liquidity position improves.





#### COMMENT ON GRANT RECEIPTS

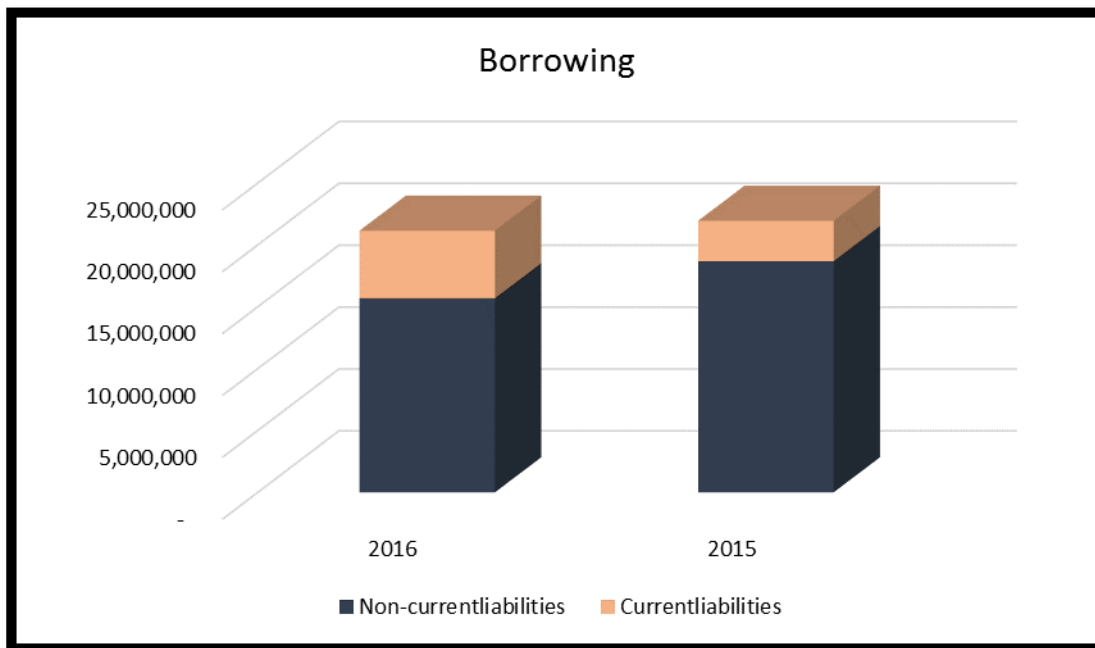
**Operating Transfers and Grants:** Budgeted operating include grants such as the Financial Management Grants that contribute the overall institutional arrangement such as Rural household's infrastructure grants, equitable share etc.

**Capital Transfers and Grants:** All capital grants received were 100% of the adjusted budget.

Grants receipts reflected 94% of the total receipts.

### 5.4.1 Borrowing and Investments

The municipality's borrowing is only constituted of the ABSA loan as the last DBSA loan was fully redeemed in the year under review. The long term debt instruments are used to fund the Water & Sanitation capital infrastructure only in compliance with the MFMA requirements. Finance leases are also used to finance other assets when it is prudent to do so.



#### COMMENT ON BORROWINGS & INVESTMENTS

The balance on the long term loans has decreased by 16% in the past years showing great commitment by the municipality to extinguish its long term debt obligation. The total debt owing at year end was R21, 1million.

The municipality does not have investments greater than 90 days. All excess funds are deposited and kept in call accounts and these short term investments are made after taking into consideration short term working capital requirements.

The Municipality is currently not involved in any Public Private Partnerships arrangements.



## **COMPONENT A: AUDITOR-GENERAL OPINION YEAR (2014-2015)**

1. I have audited the consolidated and separate financial statements of the Harry Gwala District Municipality and its municipal entity set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2015, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended as well as the notes, comprising a summary of significant accounting policies and other explanatory information.
2. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
3. My responsibility is to express an opinion on the consolidated and separate financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

5. believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Harry Gwala District Municipality and its municipal entity as at 30 June 2015 and their financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## Material debt impairment

8. As disclosed in note 7 to the consolidated and separate financial statements, material debt impairments of R98,05 million (2014: R96,25 million) was incurred as a result of an annual review of trade and other receivables from exchange transactions.
9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.
10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the objective to improve the coverage, quality, efficiency and sustainability of water and sanitation in all urban and rural communities presented in the annual performance report of the municipality for the year ended 30 June 2015.
  1. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

13. assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objective.

### **Additional matters**

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objective, I draw attention to the following matters:

### **Achievement of planned targets**

16. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year.

### **Adjustment of material misstatements**

17. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information, namely to improve the coverage, quality, efficiency and sustainability of water and sanitation in all urban and rural communities. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.
18. I performed procedures to obtain evidence that the municipality and its municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### **Strategic planning and performance management**

19. Annual performance objectives and indicators were not established by agreement with the municipal entity and included in the municipal entity's multi-year business plan, as required by section 93B(a) of the Municipal Systems Act , 2000 (Act No. 32 of 2000).
20. The performance of the municipal entity was not assessed during the first half of the financial year, taking into account the targets set in the service delivery and budget implementation plan of the municipal entity, required by section 88(1)(a) of the MFMA.

### **Annual financial statements**

21. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, revenue and disclosure items identified by the auditors in the submitted financial statements were

subsequently corrected and the supporting records were provided subsequently, resulting in the consolidated and separate financial statements receiving an unqualified audit opinion.

## Procurement and contract management

22. The performance of contractors or providers was not monitored on a monthly basis by the municipality and its municipal entity, as required by section 116(2) (b) of the MFMA.
23. Contracts and quotations were awarded by the municipal entity to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by supply chain management (SCM) regulation 13(c).
24. Goods and services with a transaction value of below R200 000 were procured by the municipal entity without obtaining the required price quotations as required by SCM regulation 17(a) & (c).
25. Goods and services of a transaction value above R200 000 were procured by the municipal entity without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
26. Contracts and quotations were awarded by the municipal entity to providers whose tax matters had not been declared by the South African Revenue Service to be in order, required by SCM regulation 43.

## Expenditure management

27. Reasonable steps were not taken by the municipality and its municipal entity to prevent irregular expenditure, as required by section 62(1) (d) and 95(d) of the MFMA.
28. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.

## Asset management

29. An effective system of internal control for assets was not in place for the municipality, as required by section 63(2) (c) of the MFMA.

## Internal control

30. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

## Leadership

31. Management of the municipality and its municipal entity did not pro-actively monitor their audit action plan in order to address the areas of accurate and reliable reporting of financial information and the compliance with key legislation.

## Financial management

32. Systems and processes were not in place to prevent and detect material amendments to the consolidated and separate financial statements.
33. The checklist to monitor compliance with legislation relating to strategic planning and performance management, annual financial statements, procurement and contract management, expenditure management and asset management was inadequate at the municipality and its municipal entity.

er

## Investigations

34. Independent consulting firms were performing three investigations relating to the municipality at the request of the KwaZulu-Natal Provincial Treasury, which covered the periods 1 July 2006 to 30 June 2013 and 1 July 2010 to 30 June 2011. These investigations were initiated based on allegations relating to the possible misappropriation of municipality's resources and contract mismanagement. At the date of this report, the investigations were still in progress.
35. The municipal council appointed an independent consulting firm to investigate an allegation on the awarding and possible mismanagement of the municipality's security contract which covers the period 1 November 2012 to 30 October 2015. The investigation was concluded and a draft report was issued in October 2015.
36. An independent consulting firm is performing an investigation at the request of the municipal entity, which covered the period 1 October 2014 to 31 December 2014. This investigation was initiated based on allegations of non-compliance with supply chain management regulations on awarding of contracts by the accounting officer. At the date of this report, the investigation was still in progress.

Pietermaritzburg

14 December 2015



*Auditing to build public confidence*



**COMPONENT B: AUDITOR-GENERAL OPINION YEAR (2015-2016)**

## **APPENDICES**

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**APPENDICE B: COMMITTEES PURPOSE FOR EACH COMMITTEE**

**APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE**

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**APPENDIX E: WARD REPORTING**

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**Appendix M (2): Capital Expenditure- Upgrade/ Renewal Programme**



**APPENDIX N: CAPITAL PROGRAMME BY PROJECTS**

**APPENDIX O: CAPITAL PROGRAMME BY PROJECTS AND BY WARD  
CURRENT YEAR**

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CLININC**

**APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY  
WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR  
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**APPENDIX R: DECLARATION OF LAONS AND GRANTS MADE BY THE  
MUNICIPALITY**

**APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME  
UNDER MFMA s71**

**APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL  
GOVERNMENT**

**APPENDIX U: AUDITOR GENERAL'S ACTION PLAN**

**APPENDIX V: AN ASSESSMENT BY THE ACCOUNTING OFFICER ON ANY  
ARREARS ON MUNICIPA TAXES AND SERVICE CHARGES, INCLUDING  
MUNICIPAL ENTITY**

**APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE****LIST OF COUNCILLORS**

<b>COUNCILLOR</b>	<b>POSITION</b>
1. Cllr. ME Ndobe	Mayor
2. Cllr. NH Duma	Deputy Mayor
3. Cllr. BP Nzimande	Speaker
4. Cllr. NB Mngadi	Member
5. Cllr. CM Ngcobo	Member
6. Cllr. ZS Nyide	Member
7. Cllr. BP Kleinbooi	Member
8. Cllr. SB Bhengu	Member
9. Cllr. KS Madlala	Member
10. Cllr. VP Majosi	Member
11. Cllr. JS Msiya	Member
12. Cllr. MW Tshibase	Member
13. Cllr. CB Kunene	Member
14. Cllr. V Mhatu	Member
15. Cllr. ME Mkhize	Member
16. Cllr. M Nondabula	Member
17. Cllr. SD Radebe	Member
18. Cllr. XR Tshazi	Member
19. Cllr. BW Dlamini (resigned in February 2016)	Member
20. Cllr. SJ Bhengu	Member
21. Cllr. SS Mavuma	Member
22. Cllr. B Thabethe	Member
23. Cllr. AT Sondzaba	Member
24. Cllr. GP Nzimande	Member
25. Cllr. ZL Miya	Member
26. Cllr P Nocanda	Member
27. Cllr NP Luzulane	Member

## **ALLOCATION OF COUNCILLORS**

### **EXECUTIVE COMMITTEE**

<b>COUNCILLOR</b>	<b>POSITION</b>
Cllr. ME Ndobe	Chairperson (Mayor)
Cllr. NH Duma	Member (Deputy Mayor)
Cllr. KS Madlala	Member
Cllr. SB Bhengu	Member
Cllr. CB Kunene	Member

### **INFRASTRUCTURE SERVICES**

<b>COUNCILLOR</b>	<b>POSITION</b>
Cllr. SB Bhengu	Chairperson
Cllr. KS Madlala	Member
Cllr. VP Majozi	Member
Cllr. JS Msiya	Member
Cllr. MW Tshibase	Member
Cllr. VW Zaza	Member

### **WATER AND SANITATION SERVICES COMMITTEE**

<b>COUNCILLOR</b>	<b>POSITION</b>
Cllr. CB Kunene	Chairperson
Cllr. SJ Bhengu	Member
Cllr. SS Mavuma	Member
Cllr. B Thabethe	Member
Cllr. AT Sondzaba	Member
Cllr. GP Nzimande	Member
Cllr. CM Ngcobo	Member

### **SOCIAL SERVICES AND DEVELOPMENT PLANNING**

<b>COUNCILLOR</b>	<b>POSITION</b>
Cllr. NH Duma	Chairperson (Deputy Mayor)
Cllr. V Mhatu	Member
Cllr. ME Mkhize	Member
Cllr. M Nondabula	Member
Cllr. SD Radebe	Member
Cllr. XR Tshazi	Member

Cllr ZL Miya	Member
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#### FINANCE AND CORPORATE SERVICES COMMITTEE

COUNCILLOR	POSITION
Cllr. ME Ndobe	Chairperson (Mayor)
Cllr. BW Dlamini	Member
Cllr. NB Mngadi	Member
Cllr. ZS Nyide	Member
Cllr. BP Kleinbooi	Member
Cllr P Nocanda	Member

#### AUDIT COMMITTEE

MEMBER	POSITION
Mr. HH Mpungose	Chairperson
Mrs Z Matshikiza	Member
Mr. D Mncwabe	Member

#### MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

COUNCILLOR	POSITION
Cllr. SS Mavuma	Member
Cllr. B Thabethe	Member
Cllr. AT Sondzaba	Member
Cllr. ME Mkhize	Member
Cllr WB Dlamini	Member

#### LOCAL LABOUR FORUM

NAME	POSITION
Cllr SB Bhengu	Chairperson
Cllr NH Maphasa- Duma	Employer Component
Cllr M Nondabula	Employer Component
Cllr CB Kunene	Employer Component
Mr NE Biyase	Employer Component
Ms N Lungwengwe	Employer Component
Mr M Mkatu	Employer Component

Mrs PP Cele	Advisor
Mr T Magqazana	Labour Component
Mr M Mbhele	Labour Component
Mr T Mndaweni	Labour Component
Ms T Mngonyama	Labour Component
Mrs T Mhlungu	Labour Component
Mr M Mkhwanazi	Labour Component
Mr N Makhanya	Labour Component
Ms N Magoso	Labour Component

**HARRY GWALA DISTRICT MUNICIPALITY COUNCILLORS ATTENDANCE RECORDS JULY  
2015- JUNE 2016**

**COUNCIL MEETINGS**

<b>Councillors</b>	<b>No. of scheduled meetings</b>	<b>Meetings not Attended &amp; Dates of the meeting</b>	<b>Meetings attended</b>
1. Cllr. ME Ndobe	08	0	08
2. Cllr. N H Maphasa -Duma	08	0	08
3. Cllr. CM Ngcobo	08	03 14 April 2016 27 August 2015 20 November 2015	05
4. Cllr. WB Dlamini	08	Resigned in February 2016	05
5. Cllr. SB Bhengu	08	0	08
6. Cllr. KS Madlala	08	01 14 April 2016	07
7. Cllr. NB Mngadi	08	01 14 April 2016	07
8. Cllr. PB Kleinbooi	08	01 09 December 2015	07
9. Cllr. ZS Nyide	08	0	08
10. Cllr. VP Majozi	08	03 27 May 2016 25 February 2016 27 January 2016	05
11. Cllr. JS Msiya	08	02 27 January 2016 25 February 2016	06
12. Cllr. MW Tshibase	08	02 27 January 2016 14 April 2016	06
13. Cllr. CB Kunene	08	02 25 February 2016 30 March 2016	06
14. Cllr. V Mhatu	08	01 09 December 2015	01
15. Cllr. ME Mkhize	08	02 25 February 2016	06

		30 March 2016	
16. Cllr. M Nondabula	08	02 14 April 2016 27 May 2016	06
17. Cllr. VW Zaza	08	01 14 April 2016	07
18. Cllr. XR Tshazi	08	02 20 November 2015 09 December 2015	06
19. Cllr. SJ Bhengu	08	02 14 April 2016 27 May 2016	08
20. Cllr. SS Mavuma	08	01 14 April 2016	07
21. Cllr. B Thabethe	08	03 30 March 2016 14 April 2016 09 December 2015	05
22. Cllr AT Sondzaba	08	02 14 April 2016 09 December 2015	06
23. Cllr. GP Nzimande	08	02 25 February 2016 27 August 2015	06
24. Cllr. BP Nzimande	08	0	08
25. Cllr. NP Luzulane	08	07 Joined Council in March 2016	01
26. Cllr P Nocanda	08	07 14 April 2016 25 February 2016 27 January 2016 27 May 2016 30 March 2016 09 December 2015 20 November 2015	01
27. Cllr ZL Miya	08	01 27 May 2016	

### EXECUTIVE COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
1. Cllr ME Ndobe	11	11	0
2. Cllr NH Duma	11	08	03 08 September 2015 28 July 2015 29 September 2015
3. Cllr SB Bhengu	11	11	0
4. CllrCB Kunene	11	10	01 12 November 2015
5.CllrKSMadlala	11	09	02 12 November 2015 14 April 2016

### INFRASTRUCTURE SERVICES COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED
1.Cllr SB Bhengu	06	06	0
2.Cllr JS Msiya	06	05	01 02 September 2015
3.Cllr VP Majozi	06	03	03 03 February 2016 09 March



			2016 07 October 2015
4.Cllr KS Madlala	06	06	0
5.Cllr M Tshibase	06	06	0
6.Cllr VW Zaza	06	02	04  03 February 2016 09 March 2016 01 July 2015 02 September 2015

#### FINANCE AND CORPORATE SERVICES COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
1.Cllr ME Ndobe	09	8	01  18 February  2016
2.Cllr NB Mngadi	09	09	0
3.Cllr WB Dlamini	09	08	01 19 August 2016 (resigned in February 2016)
4.Cllr P Nocanda	09	04	05 19 August 2015 15

			September 2015 18 February 2016 18 March 2016 20 April 2016
5.Cllr ZS Nyide	09	07	02 15 September 2015 20 April 2016
6.Cllr BP Kleinbooi	09	08	01 17 July 2015

#### SOCIAL SERVICES AND DEVELOPMENT PLANNING

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
1.Cllr NH Maphasa Duma	07	04	03 7 July 2015 17 August 2015 14 October 2015
2.Cllr XR Tshazi	07	04	03  7 July 2015 14 October 2015 3 December 2015
3.Cllr M Nondabula	07	05	02  14 October 2015 4 February 2016
4.Cllr V Mhatu	07	04	03 16 September 2015 3 December 2015

			7 April 2016
5.Cllr ME Mkhize	07	04	03 7 July 2015 17 August 2015 7 April 2016
6.Cllr ZL Miya	07	04	03 17 August 2015 16 September 2015 4 February 2016

#### WATER AND SANITATION SERVICES COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
1.Cllr CB Kunene	06	06	0
2.Cllr AT Sondzaba	06	05	01 10 September 2015
3.Cllr SJ Bhengu	06	03	03 10 March 2016 13 October 2015 10 November 2015
4.Cllr B Thabethe	06	06	0
5.Cllr GP Nzimande	06	04	02 14 August 2015 10 November 2015
6.Cllr SS Mavuma	06	04	02 10 March

			2016 14 August 2015
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### MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
1. Cllr SS Mavuma	04	04	0
2. Cllr B Thabethe	04	03	01 16 September
3. Cllr ME Mkhize	04	01	03  29 January 2016 22 February 2016 24 February 2016
4. Cllr AT Sondzaba	04	02	02 22 February 2016 16 September 2015
5. Cllr WB Dlamini	04	03	01 24 February 2016 (she had resigned)

## APPENDICE B: COMMITTEES PURPOSE FOR EACH COMMITTEE

- a) Executive Committee
- b) Council
- c) Finance and Corporate
- d) Social Services and development planning Committee
- e) Infrastructure Services
- f) Water Services
- g) Municipal Public Accounts Committee
- h) Audit Committee

### (a) EXECUTIVE COMMITTEE

It is the Principal Committee and also makes recommendations to Council for Endorsement. It monitors the municipal performance. The Committee also reports annually to Council on the effect of community participation and consultation in oversee provision of services to the community eg. Integrated Development Plan (IDP) roadshows.

### (b) COUNCIL

This is the body that makes the by-laws and decisions for the municipality and oversees the executive and administration. It has a number of different responsibilities. These include making the by-laws and policies, providing financial oversight, planning the budget, approval of the Service Delivery and Budget Implementation Plan (SDBIP) and the Integrated Development Plan (IDP), employment of the Municipal Manager and ensures that policies and by-laws are adhered to. It is also responsible for ensuring that the municipal administration fulfills its duties by ensuring that all resolutions are implemented.

### (c) FINANCE AND CORPORATE SERVICES COMMITTEE

The Finance and Corporate Services Committee assists the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council and advising the Executive Committee **on all policy matters** ensuring appropriate systems and procedures.

- Receive reports and evaluate progress on Human Resources, Administrative and Communication issues.

- Make recommendations on legislation and policies relating to Human Resources, Administrative Finance and Communication matters.
- Matters related to the job evaluation and grading of staff.
- Performance Management that is cascaded to employees below Section 56 Managers.
- Implementation of new structures and strategies.
- Ensuring that administrative systems and processes of Sisonke District Municipality are in line with National principles e.g. Batho Pele principles.
- Deliberate on all finance related matters.
- Deliberate on Communication matters.
- Assist the Executive Committee in the allocation if applicable, the distribution of grants made to the District Municipality such as LGSETA grants.
- Monitoring of Workplace Skills Plan and all other related programmes.
- Assist the Executive Committee in water tariffs related matters by developing revenue enhancement strategy.
- Policy decisions relating to:
  - The recruitment, selection and appointment of persons as staff members.
  - The monitoring, measuring and evaluating performance of staff.
  - The dismissal and retrenchment of staff
  - Conditions of service for employees
  - Labour Relations matters
  - Human Resources Development
  - Transformation and diversity management
- Any other matters related to:
  - General Administration
  - Security Services
  - Organisational Development
  - Committees Management an Administration

- Registry Services
- Information Communication Technology Management
- Communication

**(d) SOCIAL SERVICES AND DEVELOPMENT PLANNING COMMITTEE**

The Social Services and Development Planning Committee assists the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee:-

- Social Development strategies for all sectors of the District community, including but not limited to Senior Citizens, Youth, Women (Gender issues), children and people with disabilities.
- Environmental Health System: the planning and development of a system and mechanisms to implement an effective and efficient environmental health system.
- Sports and Recreation, Heritage, Arts and Culture: coordinating and initiating programmes and projects aimed at developing the skills, knowledge, talent and participating in social regeneration of all sectors of the community.
- Disaster Management: planning and local economic including disaster mitigation i.e. put measures in place to deal with disaster should it happen.
- The Committee shall approve development applications.
- The Committee will work in promoting Tourism within the District.
- Establishment of poverty alleviation initiatives
- The Committee shall monitor progress and use of land after transfer.
- Revitalisation of declining towns.
- Encouragement livable and sustainable human settlements.
- Development of sector plans and monitor that sector plans are undertaken.
- Undertaking any other related functions which may be requested by the Committee from the Executive Committee.
- Receive reports and evaluate progress.

**(e) MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

Audit Report on annual financial statements of the Municipality, Any reports issued by the Auditor- General on the Affairs of the Harry Gwala District Municipality, and the annual report of the municipality.

The Mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality; and any other financial statement or reports referred to MPAC by the Council. Any information relating to personnel; books of account, records, assets and liabilities of the council. Relevant information that may be required for the purpose fulfilling its mandate, MPAC may report on or make recommendations in relation to any of the reports or financial statements which it may examine.

In its examination (mentioned in 2) MPAC must take into account previous statements and reports and consider the degree to which previously identified shortcomings have been rectified. The Committee must report to council on its findings. The Committee shall initiate and develop the annual Oversight report on the Municipality's Annual Report.

The Committee may initiate, direct and supervise investigations referred to it and render an opinion on such recommendations. MPAC may consider any Audit Committee recommendations referred to it and render an opinion on such recommendations. The Committee may request or invite members of the public to attend any meeting of the Committee (section 16 (1) of the Municipal System Act, 2000) to assist it with the performance of its function. MPAC may co-opt advisory members or experts to advise the Committee in its deliberations, provided that such persons may not vote on any matter.

**(f) AUDIT COMMITTEE**

Section 166 of the Municipal Finance Management Act, 1998 requires every municipality to have an Audit Committee which must serve the purpose of being an independent advisory body to the council, political office bearers, and the municipal manager in his role as accounting officer, management and staff. The audit Committee is required to consider any matters relating to financial affairs of the municipality and any risk, internal and external audit matters. The Committee must review and assess the qualitative aspects of financial reporting, the municipality's processes and compliance with significant applicable legal, ethical regulatory requirements.

**The advisory role of the Audit Committee is related to matters including:**

- internal financial control and internal audits;
- risk management;
- accounting policies;
- the adequacy, reliability and accuracy of financial reporting and information;
- performance management;
- effective governance;



- compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;
- performance evaluation; and
- Any other issues referred to it by the municipality.
- The Committee must review the financial statements to provide council with a credible view of the financial position of the municipality. It must respond to any issues raised by the Auditor-General in the audit report and carry out any investigations into the financial affairs of the municipality which the council requests.

**(g) INFRASTRUCTURE SERVICES COMMITTEE**

The Municipal Structures Act, 117 of 1998 prescribes the methodology for the establishment of Municipal Council Committees. The Infrastructure Committee (hereby referred to as the "Committee" is established in terms of Section 80 of the Municipal Structures Act.

The object of the Infrastructure Committee is to assist the Executive Committee to promote service delivery with the District Municipality.

The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee. The functions of the Infrastructure Committee are tabulated as follows:

- Bulk electricity supply which includes for the purposes of such supply, the transmission, distribution and where applicable the generation of electricity.
- Bulk sewage reticulation infrastructure (including bulk water reticulation and domestic waste water) and solid waste disposal.
- Solid waste disposal infrastructure relating to the determination of waste of waste disposal strategy.
- Establishment operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities.
- Municipal roads which form an integral part of a road transport system for the area of the district, municipality as a whole. Any other municipal public works allocated to the municipality.

- The Infrastructure Committee shall advise the Executive Committee on all fiscal and other incentives designed to promote infrastructure development.
- Overseeing of the implementation of infrastructure projects.
- Prioritization of infrastructure development projects and recommend to the Executive Committee Support administration in community liaison issues relevant to infrastructure development.
- Represent Council in Seminars/workshops related to Infrastructure development.
- The Committee must recommend the provision/approval of funds for unforeseen infrastructural improvements.
- Overseeing the implementation of projects and support committees relevant to community development.

#### **(h) WATER AND SANITATION SERVICES COMMITTEE**

The Municipal Structures Act, 117 of 1998 prescribes the methodology for the establishment of Municipal Council Committees. The Water and Sanitation Committee (hereby referred to as the "Committee" is established in terms of Section 80 of the Municipal Structures Act.

This Committee provides to the Executive Committee, recommendations on legislation and policies relating to the following functions:

- Water,
  - Sanitation,
  - Ensure that all Safety issues relating to the above are adhered to,
  - Legislative compliance,
  - Receive progress reports on the issues mentioned above and evaluate progress.
- Responsible to assist the Executive Committee in the coordination of functions pertaining to its portfolio. Considering reports from the designated officials for the portfolio, or other functionary and submit its recommendations on such issues to the Executive Committee.
  - Perform any duties and exercise any powers delegated to it by the Executive Committee.

- May sub-delegate any duty or power delegated to it by the Executive Committee to any Political Office Bearer or the Municipal Manager.

May within the limits of any Policy Directives of the Executive Committee and adopted Integrated Development Plan issue policy directives to any Political Office Bearer or the Municipal Manager to whom discretion has been sub-delegated by it for the exercise of any power by such a person under such sub-delegation.

To assist the Executive Committee to promote a safe and healthy environment by advising the Executive Committee on:

-All policies and bylaws for the water and sanitation services

-The review of those bylaws, regulations, rules and tariffs that regulate and arise out of matters within the Terms of Reference of the Committee and the proposal of amendments and additions thereto.

- Appoint from within its membership a sub-committee with powers to co-opt such other members as the sub-committee deem fit, to consider and report to the Committee on any matter falling within its terms of reference.
- Recommend to the Executive Committee strategies, programs and services to address water and sanitation needs through the water services development plan and Integrated Development Plan; taking into account any applicable national and provincial development strategies and recommend or determine the best methods, including partnership and other approaches, to deliver water and sanitation services, programs and services to the maximum benefit of the community.
- Oversee random water quality testing undertaken within the district municipality  
The Water and Sanitation Committee in performing its duties must: Identify and develop criteria in terms of which progress in the implementation of water and sanitation strategies, programs and services it recommended to the Executive Committee can be evaluated, including key performance indicators which are specific to the Municipality and common to local government and water sector in general evaluate progress against the key performance indicators, which include provision of water and sanitation.
- Monitor water services administration.

- Oversee the provision of water and basic sanitation services to the community in a sustainable manner, in compliance with Section 3 of the Water Services Act.
- Ensure that regard is given to particular scheme specific and reports on the effect of consultation on the decisions of the Executive Committee.
- Make recommendations to the Executive Committee about provision of water services to areas outside the district municipality.
- To report to the Executive Committee on all decisions and resolutions taken by it where necessary, make a request to the district municipality for financial, technical and administrative support services for unforeseen water development services, planning and provision related matters.

## APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Administrative Structure		
	Directorate	Director/Manager (Title and name)
Corporate Services	ED: Corporate Services	Ms. N. Lungwengwe
Human Resource Management	Director: HR	Mrs. P. Cele
Administration	Director: Administration	Mr. T. Ndaba
Social Services and Development Planning	ED: Social and Development Planning	Ms. NC James
IDP / PMS	Director: IDP / PMS	Mr. Z. Mtolo
Planning and Development	Director: Development Planning	Mr. L Zondi
Special Programmes	Director: Special Programmes	Mr. R. Langa
Social Services	Director: Social Services	Ms. T.T Mahlaba
Water & Sanitation	ED: Water & Sanitation	Mr. N. Biyase
Operations and Maintenance	Director: O & M	Mr. K Yokwe
Design and Planning	Director: Design & Planning	Mr. S. Ngcobo
Governance	Director: Governance	Mrs. N. Zondi
Infrastructure	ED: Infrastructure	Mr. B. Makwakwa
Project Management Unit	Director: Project Management Unit	Mr. D. Mzolo
Municipal Works	Director: Municipal Works	Mrs. H Ngcobo
Professional Services	Director: Professional Services	Vacant
Budget and Treasury Office	ED: Budget and Treasury Office	Mr M Mkatu
Supply Chain Management	Director: SCM	Ms. T. Dandala
Income and Expenditure	Director: Income & Expenditure	Mr. P. Luthuli
Budgeting and Reporting / Accounting Support / Financial Systems	Director: Budgeting and Reporting / Accounting Support / Financial Systems	Ms. A Nongalo

**APPENDIX D: FUNCTIONS OF MUNICIPAL / ENTITY**

Municipal Functions	Function applicable to Municipality Y/N	Function applicable to Entity Y/N
Air pollution	N	N
Firefighting services	N	N
Local tourism	N	Y
Municipal planning	Y	N
Municipal health services	Y	N
Water and sanitation services	Y	N
Cemeteries, funeral parlours and crematoria	N	N
Cleansing	N	N
Control of public nuisances	N	N
Markets	N	Y
Municipal abattoirs	N	N
Municipal parks and recreation	N	N
Municipal roads	Y	N
Public places	N	N
Noise pollution	N	N
Refuse removal, refuse dumps and solid waste disposal	N	N

**APPENDIX E: WARD REPORTING**

N/A

**APPENDIX F: WARD INFORMATION**

N/A

## **APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE**





## APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

N/A

## APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE

department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

The following are the service providers engaged in each business unit during the 2015/16 financial year.

Bid number	External Service provider	Service provided in terms of the Signed SLA	Performance Target time-frames	Actual performance as at 30 June 2016	Assessment of Service Provider's Performance			POE and Corrective measures in case of underperformance	Date awarded	Value of project
					G	S	P			
SDA-T004/14/15	Urban-Econ Development Economists	Tourism Sector Strategy	6 Months	Completed				N/A	24 August 2015	R352 775.46
SDA-FIN04/14/15	Morar Incorporated	Internal Audit Services	12 Months	Completed in August 2016 (Overlapped to the following				N/A	01 September 2015	R292 546.80

				year)				
HGDA-ID01/15/16	Siphindlela Majobela (Pty) Ltd	Supply and Delivery of cabbage and spinach seedlings and fertilizers	Once -off	Delivered within stipulated time frame		N/A	02 December 2015	R241 372.00
HGDA-ID02/15/16	Lithaba Projects (Pty) Ltd	Supply and Delivery of seedlings and fertilizers	Once-off	Delivered within stipulated time frame		N/A	02 December 2015	R346 170.00

## APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS

Period 1 July to 30 June		
Position	Name	Description of Financial interest
Mayor	Cllr ME Ndobe	N/A
Member of Executive Committee	Cllr N H Duma	N/A
Member of Executive Committee	Cllr K S Madlala	N/A
Member of Executive Committee	Cllr S B Bhengu	N/A
Member of Executive Committee	Cllr S B Kunene	N/A
Municipal Manager	Mrs N Dlamini	N/A
Chief Financial Officer	Mr M Mkatu	N/A
Section 57 officials	Mr B Makwakwa Mr N Biyase Ms N Lungwengwe	Yes N/A N/A

## APPENDIX K: REVENUE COLLECTION PERFORMANCE

### Appendix K (1) Revenue Collection Performance by Vote

Revenue Collection by Vote	Revenue Collection
Water Services Department	34, 845, 470.68

**Appendix (2): Revenue Collection Performance by Source**

<b>Revenue Collection by Source</b>	<b>Revenue Collection</b>
Water	29, 618, 650.04
Sewer	5, 226, 820.59
<b>Total</b>	<b>34, 845, 470.68</b>

**APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG**

Municipal Infrastructure Grant (MIG) Received: 2015/16	MIG	<b>199,784,000.00</b>
Municipal Water Infrastructure Grant (MWIG) : 2015/16	MWIG	<b>43,500,000.00</b>
Rural Household Infrastructure Grant (RHIG) Received: 2015/16	RHIG	<b>4,500,000.00</b>
Regional Bulk Infrastructure Grant (RBIG) Received: 2015/16	RBIG	<b>14,000,000.00</b>

**APPENDIX M: CAPITAL EXPENDITURE-NEW AND UPGRADE/RENEWAL PROGRAMMES: INCLUDING MIG****Appendix M (1): Capital Expenditure – New Assets Programme**

None

**Appendix M (2): Capital Expenditure- Upgrade/ Renewal Programme**

None

## APPENDIX N: CAPITAL PROGRAMME BY PROJECTS

Project Description	Source of Funding	2015/2016 (R) Expenditure
Enhlanhleni/KwaPitela Water Project	MIG	806,337.57
Underberg Bulk Water Supply Upgrade Phase 2	MIG	3,051,391.62
Mqatsheni Stepmore Water Supply Project	MIG	1,601,406.23
Umzimkhulu Bulk Water Supply (AFA) MIS 213980: Clydesdale & Border water supply	MIG	1,482,337.84
Makhoba Housing Water Project	MIG	2,238,456.68
Horseshoe Sanitation Project - New	MIG	6,354,540.22
Kokstad Bulk Water and Sewer Upgrade: Sewer rectification in Kokstad, Bhongweni and Shayamoya	MIG	6,824,104.22
Pakkies Rural Water Supply Ext Phase 2	MIG	510,162.15
Greater Kilimon Water Supply Project	MIG	15,230,835.96
Ingwe Households Sanitation Project	MIG	6,020,020.12
Bulwer to Nkelabantwana and Nkumba Water Project	MIG	7,326,197.55
Greater Mbhulelweni Water Supply Project	MIG	19,261,767.68
Ubuhlebezwe Sanitation backlog eradication	MIG	490,677.75
Greater Nomandlovu Water Supply Project Phase 2	MIG	14,820,592.29
UMkhunya Water Supply Schemes	MIG	3,100,529.43
Ixopo - Marianthal Water Supply Project	MIG	1,244,399.14
Ithubalethu Water Supply	MIG	10,111,589.77
Ncakubana Water Supply Project Phase 2	MIG	7,345,691.62

Chibini Water Supply Project	MIG	8,910,274.56
Ufafa Water Supply Project	MIG	15,347,583.60
Santombe Water Supply Project	MIG	30,678,821.09
Greater Umzimkulu Sanitation Project	MIG	872,976.29
Greater Summerfield Water Project	MIG	16,532,019.83
Umzimkulu Sewer Upgrade Phase 2	MIG	1,315,330.79
Greater Paninkukhu (Kwamthwane) Bulk Water Supply Project (Ward 6,7,8,9,10,12,13,14,18,19)	MIG	1,657,880.10
KwaMey/Theekloof Water Supply	MIG	14,626,080.85
<b>Total Expenditure on MIG Projects: 2015/16</b>	<b>MIG</b>	<b>197,762,005.00</b>
Greater Paninkukhu water Project	MWIG	22,327,292.28
Mkhunya Water Supply	MWIG	17,383,023.94
Mqatsheni Stepmore Water Supply	MWIG	3,789,683.78
<b>Total Expenditure on MWIG Projects: 2015/16</b>	<b>MWIG</b>	<b>43,500,000.00</b>
Umzimkhulu Sanitation	RHIG	4,500,000.00
<b>Total Expenditure on RHIG Projects: 2015/16</b>	<b>RHIG</b>	<b>4,500,000.00</b>
Steven Dlamini Dam bulk water Advance infrastructure	RBIG	14,000,000.00
<b>Total Expenditure on RBIG Projects: 2015/16</b>	<b>RBIG</b>	<b>14,000,000.00</b>

# APPENDIX O: CAPITAL PROGRAMME BY PROJECTS AND BY WARD CURRENT YEAR

Project Description	Source of Funding	2015/2016 (R) Expenditure	Ward
Enhlanhlani/KwaPitela Water Project	MIG	806,337.57	2
Underberg Bulk Water Supply Upgrade Phase 2	MIG	3,051,391.62	3
Mqatsheni Stepmore Water Supply Project	MIG	1,601,406.23	1
Umzimkhulu Bulk Water Supply (AFA) MIS 213980: Clydesdale & Border water supply	MIG	1,482,337.84	17
Makhoba Housing Water Project	MIG	2,238,456.68	5
Horseshoe Sanitation Project - New	MIG	6,354,540.22	1
Emergency Sewer Intervention and Rectification for the Trunk Sewer Serving the Greater Kokstad Area	MIG	6,824,104.22	1
Pakkies Rural Water Supply Ext Phase 2	MIG	510,162.15	6
Greater Kilimon Water Supply Project	MIG	15,230,835.96	1
Ingwe Households Sanitation Project	MIG	6,020,020.12	2,4,5,8,11
Bulwer to Nkelabantwana and Nkumba Water Project	MIG	7,326,197.55	10
Greater Mbhulelweni Water Supply Project	MIG	19,261,767.68	3
Ubuhlebezwe Sanitation backlog eradication	MIG	490,677.75	5,7,9,10
Greater Nomandlovu Water Supply Project Phase 2	MIG	14,820,592.29	11
UMkhunya Water Supply Schemes	MIG	3,100,529.43	5
Ixopo - Marianthal Water Supply Project	MIG	1,244,399.14	4
Ithubalethu Water Supply	MIG	10,111,589.77	4
Ncakubana Water Supply Project Phase 2	MIG	7,345,691.62	1

Chibini Water Supply Project	MIG	8,910,274.56	3,4
Ufafa Water Supply Project	MIG	15,347,583.60	3
Santombe Water Supply Project	MIG	30,678,821.09	14
Greater Umzimkulu Sanitation Project	MIG	872,976.29	19,20
Greater Summerfield Water Project	MIG	16,532,019.83	15
Umzimkulu Sewer Upgrade Phase 2	MIG	1,315,330.79	16
Greater Paninkukhu (Kwamthwane) Bulk Water Supply Project (Ward 6,7,8,9,10,12,13,14,18,19)	MIG	1,657,880.10	6,7,8,9,10,12,13,14,18,19)
KwaMey/Theekloof Water Supply	MIG	14,626,080.85	11,14,14
<b>Total Expenditure on MIG Projects: 2015/16</b>	<b>MIG</b>	<b>197,762,005.00</b>	
Greater Paninkukhu water Project	MWIG	22,327,292.28	
Mkhunya Water Supply	MWIG	17,383,023.94	5
Mqatsheni Stepmore Water Supply	MWIG	3,789,683.78	1
<b>Total Expenditure on MWIG Projects: 2015/16</b>	<b>MWIG</b>	<b>43,500,000.00</b>	
Umzimkhulu Sanitation	RHIG	4,500,000.00	1,2,3,4,5,7,8,10,11,12,13,14,15,17,18,19,20
<b>Total Expenditure on RHIG Projects: 2015/16</b>	<b>RHIG</b>	<b>4,500,000.00</b>	
Steven Dlamini Dam bulk water Advance infrastructure	RBIG	14,000,000.00	9
<b>Total Expenditure on RBIG Projects: 2015/16</b>	<b>RBIG</b>	<b>14,000,000.00</b>	



## **APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOL AND CLINIC**

N/A

## **APPENDIX: Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICES PROVISION**

- Roads
- Bridges
- Clinics
- Schools
- Cellular networks
- Youth centres

## **APPENDIX R: DECLARATION OF LAONS AND GRANTS MADE BY THE MUNICIPALITY**

None

## **APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71**

None

## **APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT**

### **INTRODUCTION TO THE NATIONAL DEVELOPMENT PLAN**

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

### **WATER**

- A comprehensive management strategy including an investment programme for water resource development, bulk water supply and wastewater management for major centres by 2012, with reviews every five years.
- Timely development of several new water schemes to supply urban and industrial centres, new irrigation systems in the Umzimvubu river basin and Makhathini Flats, and a national water conservation programme to improve water use and efficiency.

Create regional water and wastewater utilities, and expand mandates of the existing water boards (between 2012 and 2017).

- Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry, recognizing the trade-offs in the use of water.

## **ECONOMY AND DEVELOPMENT**

- Public employment programmes should reach 1 million by 2015 and 2 million people by 2030. Broaden the expanded public works programme to cover 2 million fulltime equivalent jobs by 2020.
- Gross Domestic Product (GDP) should increase by 2.7 times in real terms, requiring average annual GDP growth of 5.4 percent over the period. GDP per capita should increase from about R50 000 per person in 2010 to R110 000 per person in 2030 in constant prices.
- Rural economies will be activated through improved infrastructure and service delivery, a review of land tenure, service to small and micro farmers, a review of mining industry commitments to social investment, and tourism investments
- An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agro processing and related sectors by 2030.

## **CROSS CUTTING**

- Strong and efficient spatial planning system, well integrated across the spheres of government.
- Upgrade all informal settlements on suitable, well located land by 2030.
- More people living closer to their places of work.
- Better quality public transport.
- More jobs in or close to dense, urban townships.

## **THEREFORE**

- Reforms to the current planning system for improved coordination.
- Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements.

- Substantial investment to ensure safe, reliable and affordable public transport.
- Introduce spatial development framework and norms, including improving the balance between location of jobs and people.

#### **INSTITUTIONAL ARRANGEMENT**

- A state that is capable of playing a developmental and transformative role.
- A public service immersed in the development agenda but insulated from undue political interference.
- Staff at all levels have the authority, experience, competence and support they need to do their jobs.
- Relations between national, provincial and local government are improved through a more proactive approach to managing the intergovernmental system.

#### **PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY**

This PDGS provides KwaZulu-Natal with a responsive strategic framework for accelerated and shared economic growth through catalytic and development interventions, within a coherent equitable spatial development architecture, putting people first, particularly the poor and vulnerable, and building sustainable communities, livelihoods and living environments.

#### **SEVEN KZN PROVINCIAL OBJECTIVES**

- Job creation
- Human Resource Development
- Human and Community Development
- Strategic Infrastructure
- Environmental Sustainability
- Governance Policy
- Spatial Equity

**APPENDIX U: AUDITOR GENERAL'S ACTION PLAN**

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
Reported indicators not consistent with planned indicators	<p>Revise the indicators during budget adjustment to ensure that indicators are consistent with the reported indicators.</p> <p>The IDP Steering Committee will be used to ensure alignment of the planned indicators with the SDBIP.</p> <p>The revised SDBIP will be sent to the internal audit unit for review and input.</p>	Executive Director : Social Services and Development Planning	February 2017	Are being reviewed and will be finalized after budget adjustment.		Minutes of the IDP Steering Attendance Register Report from the Internal Audit Unit	N/A

## **HARRY GWALA DISTRICT MUNICIPALITY**

### **AG's ACTION PLAN**

### **AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
Reported performance information not reliable	HOD'S to ensure that portfolio of evidence is in line with the actual achievement.	All HOD'S	January 2017	Quality Assurance Certificate has been crafted,		Signed Quality Assurance Certificate.	N/A
	All HOD'S to sign off their Portfolio of Evidence in line with actual achievement before submitting to the Performance Management Unit.	Municipal Manager	January 2017	designed and discussed in the management meeting as held on the 13 <sup>th</sup> of February 2017.			
		PMS Specialist	December 2016			Quality Assurance Certificate	N/A
	Municipal Manager to design quality assurance certificate to be signed by all HOD's confirming that the reported achievements are supported by valid and	PMS Specialist and Internal Audit Meeting	February	Done			N/A

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	credible Portfolio of Evidence.  The final report with the Portfolio of Evidence will be further interrogated by the PMS Unit and Internal Audit Unit.  Both units will submit their input to the Office of the MM	All HOD's	2017  February 2017	Mid- year Performance Report  Mid- year Performance Report			N/A
<b>Property, Plant &amp; Equipment</b> Inadequate impairment assessment of property, plant and equipment	Conduct physical verification and conditional assessment of assets	HOD Water Services and Director: SCM	May 2017	2015/16 asset verification has commenced with the inception meeting			N/A

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	HOD Water Services to present quarterly progress reports on status of physical verification to MANCO	HOD: Water Services	Monthly	<p>which was held on the 23<sup>rd</sup> of February 2017 followed by scheduled meetings which will sit every Friday.</p> <p>Monthly reports will be provided by the HOD from the information as gathered in the scheduled</p>			N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
				meetings that are due to be held every Friday			
	Determine the recoverable amount of each component or asset for impairment purpose	HOD Water Services	May 2017	This can only be determined once verification has been done and completed.			N/A
	Submit completion certificates for completed projects to SCM	HOD Infrastructure	Monthly	Once projects are completed certificates will be submitted.			N/A



**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	Transfer Work in progress to Property, Plant and Equipment	Director: SCM	Quarterly	None	None		Completion certificates not yet submitted.
	Affix barcodes on completed projects and other assets, on existing assets we will create a register and paste it in the safe area.	Director: SCM	May 2017	2015/16 asset verification has commenced with the inception meeting which was held on the 23 <sup>rd</sup> of February 2017 followed by scheduled meetings which will sit			N/A

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
				every Friday.			
No evidence of annual review of useful life of assets in terms of GRAP 17 and GRAP 31	Identify and extract a schedule of all assets that have zero useful life and those that will have zero useful life in the next two years, if they are still in use we will add years depending on assessment and if it is no longer in use the asset is written off.	CFO	May 2017	2015/16 asset verification will commence with the inception meeting to be held on the 23 <sup>rd</sup> of February 2017 followed by			N/A

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
				scheduled meetings which will sit every Friday.			
<b>Revenue and receivables Inaccurate revenue recognition relating to water services</b>	Replace or Repair faulty meters and uncover underground meters	HOD Water Services	7 days turn-around time	All the meters as per the list as received in November 2016 of faulty meters has been completed. The Department has recently received another list in February 2017 and			N/A

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	Progress reports on repairing or replacing faulty meters and uncovering underground meters to be submitted and discussed monthly by MANCO	HOD Water Services	Monthly	physical work will commence on the 27 <sup>th</sup> of February 2017			N/A
	Debtors Section to submit a schedule of faulty meters on monthly basis to Water Services Department	Director – Income	Monthly	The scheduled has been submitted to the Water Services Department			N/A
	Revenue Report to be discussed in all	Director – Income	Monthly	Revenue Reports are submitted to			N/A

# **HARRY GWALA DISTRICT MUNICIPALITY**

## **AG's ACTION PLAN**

### **AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	departmental meetings Revenue Report to be submitted and discussed on monthly basis by MANCO	CFO	Monthly	the Finance and Corporate services Committee			N/A
	Employment of additional meter readers and two Debtors Clerks	CFO & HOD Corporate Services	March 2017	Revenue Reports are submitted to the Management Committee			N/A
	Training of meter readers	Director Income	February 2017	A list of prioritised positions has been developed and the HR			N/A

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	Accountants to analyse and review meter readings and conduct physical verification where necessary.  Run and analyse the exception reports before final billing	Director Income	Monthly	Unit is currently in a process of costing them.  A Service Provider has been appointed to train Meter Readers.  The analysis and the review of meter readings has been done.			

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
				The last submission was in February 2017			
<b>Procurement and contract management</b>							
Procurement of goods and services under contract secured by other organ of state	The user department to submit a written motivation for services required and state reasons for Reg. 32 and the benefit to be derived	All HODs	As and when required	This is done when the need arises.			N/A

# **HARRY GWALA DISTRICT MUNICIPALITY**

## **AG's ACTION PLAN**

### **AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	from the use thereof to SCM prior regulation 32 being implemented.						
Awards to persons in service of the state (false declaration)	Deactivate all suppliers who have falsely declared	Director: SCM	February 2017	Suppliers who have falsely declared have been deactivated.			N/A
Suppliers in which close family members / business partners or associates of employees have an interest	Deactivate all suppliers who have falsely declared regards with their close family relations.  Memo will be written to all Directors / Managers / Area Managers requesting that they ensure that	Director: SCM  HOD Corporate Services	February 2017  January 2017	Suppliers who have falsely declared have been deactivated.  Declaration forms have been			N/A  Employees are slow in returning the forms.



**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

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	declaration forms are filled in by all employees reporting to them			distributed to the entire personnel, Councillors and Traditional Leaders, however the process of resubmission to Corporate Services is slow			
Inadequate contract and consultant management	The Service Level Agreement will be reviewed to include monitoring mechanism and penalty clause in the event of failure to deliver as per the SLA. The	Chief Financial Officer	On-going	Service provider representative attend meetings with Finance			N/A

# **HARRY GWALA DISTRICT MUNICIPALITY**

## **AG's ACTION PLAN**

### **AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	service provider will be part of the meetings that are held weekly by the finance department.						
<b>Expenditure</b>							
Expenses: input value added tax (VAT) not recognized	SCM to perform data cleansing of all suppliers of which parameters are not set for VAT input.	Director: SCM	February 2017	The activity is in progress			N/A
	Budget and Reporting to review all the votes if are set for VAT input	Director: Budget & Reporting	January 2017	The activity is in progress			Capacity Constraints
	Expenditure to review payment vouchers to	Chief Accountant:	Monthly	The Chief Accountant reviews the			N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	confirm VAT input is accounted for prior approval of the voucher  4 Expenditure officials and 1 Budget and Reporting official will be trained on VAT	Expenditure  Director: HR	March 2017	payment vouchers for VAT  VAT training will be prioritized in the next financial year.			N/A
Suppliers not paid within 30 days	Strengthen the use of invoice process flow. The invoice process flow should state the turnaround time.	Director: Expenditure	January 2017	Invoice process flow was sent to the HODs for implementation			N/A
<b>Human Resource Management</b>							

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
Employees with no ID numbers and negative leave balances	Ensure that ID numbers of EPWPs and Water Monitors are captured in the payroll system  Memo will be circulated to all HODs and Directors on the process to be followed before an employee's leave is signed or authorized	Director: HR  Director: HR	December 2016  December 2016	ID numbers were captured in the payroll system  A memo was sent to HOD: Water Services as the problem was experienced in that department Memos will be sent to other departments			N/A  N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
				to curb leave taken without credit			
<b>Information Technology controls</b>							
Vacancies within the Information Technology Unit	All ICT critical positions (3) will be re-advertised and suitable candidates will be appointed.	HOD Corporate Services	March 2017	A list of prioritised positions has been developed and the HR Unit is currently in a process of costing them			The positions have not been re-advertised due to budgetary constraints
Various IT Committees not adequately established	The ICT Risk Management and Planning Committee as well as the Council Technological Advisory	HOD Corporate Services	November 2016	The ICT Steering Committee terms of		Minutes of second ICT Steering Committee	N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	Portfolio Committee have been dissolved. The ICT Steering Committee terms of reference will be approved.			reference were approved.		meeting.	
Service level agreement does not contain sufficient detail and service performance not adequately monitored	The current SLA will be reviewed to assess the deficiencies noted. It will thereafter be updated and approved.	CFO	March 2017	A MoU has been signed by the Municipal Manager and has been handed over to BCX for their signature.			N/A
IT Strategic Plan / Master Systems Plan does not contain sufficient	The IT Strategic Plan/MSP will be reviewed and aligned to the IDP. All projects will be closely	HOD Corporate Services	March 2017	The review of the Master Systems Plan has			N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
detail and has not been implemented	monitored.			commenced and will be tabled to Council			
IT Security Policy does not contain sufficient detail	The IT Security Policy will be revised, approved and communicated to the affected individuals.	HOD Corporate Services	March 2017	The review of the IT Security Policy has commenced and will be tabled to Council			N/A
No IT Security User awareness activities undertaken	Once the IT Security Policy has been updated and approved, it will be communicated to all employees.	HOD Corporate Services	May 2017	Policies will be work-shopped during Policy Retreat.			Awaiting the approval of the amended IT Security Policy
e-Venus password parameters not configured	The municipality has engaged with the BCX service provider	CFO	March 2017	The e-Venus password parameters			N/A

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

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	regarding system limitations. All weaknesses identified will be considered during the upgrade of the e-Venus system for the implementation of the Municipal Standard Chart of Accounts.			have been configured.			
Not all computers are receiving the latest antivirus software definitions	A memo has been issued to all employees to ensure that all users connect to the network. Management will follow up on the memo and ensure that all employees who have computers will connect to the network on a regular basis.	HOD Corporate Services	March 2017	A memo will be re-issued to the employees and Councillors.			N/A



## **HARRY GWALA DISTRICT MUNICIPALITY**

### **AG's ACTION PLAN**

#### **AUDIT REPORT 2015/2016**

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Security patches not monitored	Management have liaised with the service provider to implement the reporting software available. A trial version of the software is currently being installed. Patch management reports will be reviewed and failed patches will be re-run.	HOD Corporate Services	January 2017	Trial software was installed and tested for functionality. The trial software did not produce the desired results.		Trial software	N/A
Access and log-on violations not monitored (Windows Active Directory and e-Venus	<b>Windows Active Directory</b> The municipality is considering purchasing a software tool to assist in monitoring access and logon violations. A trial version of the software tool is currently being	HOD Corporate Services	March 2017	The municipality is currently using a trial version (AD monitor) to monitor access and logon			N/A

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

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	used.  e-Venus The municipality has engaged with BCX service provider regarding system limitations. All weaknesses identified will be considered during the upgrade of the e-Venus system for the implementation of mSCOA.	CFO  HOD Corporate Services	March 2017	violations on Windows Active Directory  There is a monitoring tool for logon violations which produces a report (User ID, IP Address, Date) and doesn't show which year. BCX uses			N/A  N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
				Linux Solaris Operating System which has system limitations			
Firewall policy not approved and inadequate monitoring performed	The firewall policy will be approved. Management have engaged with the service provider who is responsible for monitoring the firewall. All weaknesses identified will be resolved and adequate monitoring controls will be implemented.	HOD Corporate Services	March 2017	The firewall policy has been approved by the ICT Steering Committee.		Firewall policy	N/A
Logical Access control policy does not contain sufficient detail	The Logical Access Control Policy will be revised, approved and communicated to the	HOD Corporate Services	March 2017	The Logical Access Control Policy has been		Logical Access Control Policy	N/A

## **HARRY GWALA DISTRICT MUNICIPALITY**

### **AG's ACTION PLAN**

### **AUDIT REPORT 2015/2016**

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and not communicated to employees	affected individuals.			approved by the ICT Steering Committee.			
Inadequate review of user access rights (e-Venus and Payday)	User access reviews are now being performed on a quarterly basis.	HOD Corporate Services CFO	March 2017	The user access reviews have been performed			N/A
Administrator activities not adequately monitored (Windows Active Directory, e-Venus and Payday)	<b>Windows Active Directory and Payday</b> The municipality is considering purchasing software tool to assist in monitoring administrator activities. Administrator activities will therefore be monitored.	HOD Corporate Services CFO	March 2017	The municipality is currently using a trial version (AD monitor) but Windows Active Directory does not show			N/A

# **HARRY GWALA DISTRICT MUNICIPALITY**

## **AG's ACTION PLAN**

### **AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
				Administrator activities.			
User IDs not uniquely assigned (e-Venus and Payday)	<p><b>Payday</b> The identified accounts have since been disabled.</p> <p><b>e-Venus</b> The municipality has engaged with the BCX service provider. All weaknesses identified will be considered during</p>	<p>HOD Corporate Services</p> <p>CFO</p>	<p>March 2017</p> <p>March 2017</p>	<p>Payday has its own built-in monitoring tool which is currently being utilised e-Venus has its own built-in monitoring tool which is currently being utilised</p> <p>The User IDs identified have since been disabled</p>		Screenshot of Payday system	N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
	the upgrade of the e-Venus system for the implementation of the mSCOA. Reviews of user ids will thereafter be performed.			and other have been uniquely assigned.			
Standard naming convention not adequately implemented (e-Venus)	The process to rename all user ids is in progress. All user ids will be created in line of the IT Security Policy.	CFO	March 2017	The standard naming convention has been implemented		Screenshot of e-Venus system	N/A
User accounts not regularly used (Payday)	User ID "XO" has since been disabled. Accounts that do not require access will be disabled timeously going forward.	HOD Corporate Services	November 2016	User ID "XO" has since been disabled. Accounts that do not require access will be disabled timeously		Screenshot of Payday system	N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

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				going forward			
Excessive access rights assigned (e-Venus)	The process has commenced to ensure that all users have appropriate access assigned. A system clean-up will be performed to ensure that all users are assigned relevant access.	CFO	November 2016	Rights have been reviewed			N/A
Segregation of duties not enforced (e-Venus)	A system clean-up is currently underway and users' access will be restricted to their roles and responsibilities to ensure that no user has conflicting access assigned.	CFO	December 2016	User Access Rights have been reviewed			N/A
Inadequate user account	The Logical Access Control Policy will be	HOD Corporate	March 2017	The Logical Access		Minutes of the second	N/A

**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

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management process	revised, approved and communicated to the affected individuals. All controls designed will be complied with. The identified terminated users' access has since been disabled.	Services		Control Policy has been approved by the ICT Steering Committee. It will be communicated to the affected individuals.		ICT Steering Committee meeting.	
Inadequate change control process (e-Venus and Payday)	<b>Payday</b> The Change Control Policy will be updated to include the relevant information and staff will adhere to controls designed by management. The municipality will liaise with the service provider	HOD Corporate Services	March 2017	The Logical Access Control Policy has been approved by the ICT Steering Committee. It will be			N/A



**HARRY GWALA DISTRICT MUNICIPALITY**

**AG's ACTION PLAN**

**AUDIT REPORT 2015/2016**

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	regarding the system limitations identified.  <b>e-Venus</b> The municipality has engaged with BCX service provider. All weaknesses identified will be considered during the upgrade of the e-Venus system for the implementation of mSCOA. Reviews of changes made to the system will thereafter be performed.	CFO	March 2017	communicated to the affected individuals.  Up grading e-Venus to Solar.			N/A
Business Continuity Plan and Disaster Recovery Plan not	The BCP and DRP will be tested based on the availability of staff resources and funding.	MM	June 2017	The Disaster Recovery site in Kokstad has not been			N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
tested				completed to be utilised as a Disaster Recovery site. Only Phase 1 (construction ) has been completed.			
Backup plan does not contain sufficient detail and backups not tested	The IT Backup plan will be revised and approved. Testing of backups will be performed on a regular basis.	HOD Corporate Services	March 2017	The IT backup plan has been revised accordingly and approved by the ICT Steering Committee.		Minutes of the second ICT Steering Committee meeting.	N/A
Electronic funds transfer files not encrypted (e-Venus and	The municipality will ensure that the process of encryption is addressed during the	CFO	March 2017	Management has engaged with FNB however they			N/A

**HARRY GWALA DISTRICT MUNICIPALITY****AG's ACTION PLAN****AUDIT REPORT 2015/2016**

<b>Finding</b>	<b>Action To Resolve Query</b>	<b>Person Responsible</b>	<b>Target Date</b>	<b>Progress Made</b>	<b>Status</b>	<b>Evidence</b>	<b>Reason for progress not done</b>
Payday)	implementation of mSCOA.			are experiencing challenges of decrypting the files.			
<b>Water losses</b>							
Water balancing recordings are not up to date		HOD:- Water Services	2017	The water balancing reports are being submitted to the Department of Water and Sanitation on a quarterly basis.			N/A



**APPENDIX V: AN ASSESSMENT BY THE ACCOUNTING OFFICER ON ANY ARREARS ON MUNICIPA TAXES AND SERVICE CHARGES, INCLUDING MUNICIPAL ENTITY**

DEBTOR TYPE DESC	CURRENT	30 DAYS	60 DAYS	90 DAYS	120+ DAYS	TOTAL DEBTS
BUSINESS	477,711.12	248,700.74	149,027.78	229,383.21	9,788,329.03	10,893,151.88
DOMESTIC	2,203,765.27	2,206,558.25	2,028,541.08	1,973,671.68	109,701,843.80	118,114,380.08
CHURCH	10,248.01	9,141.19	6,295.96	21,241.44	197,278.16	244,204.76
MUNICIPAL	59,803.71	25,743.72	25,157.84	24,254.32	905,475.44	1,040,435.03
EDUCATION	81,419.25	10,475.08	5,384.89	3,994.31	146,126.17	247,399.70
DEPARTMENT OF HEALTH	623,980.65	408,530.49	167,898.79	182,353.52	6,962,448.57	8,345,212.02
KZN WILDLIFE	9,091.93	13,732.45	21,676.10	5,072.67	606,849.01	656,422.16
PARA-STATAL	7,744.25	3,982.28	553.04	547.26	36,535.72	49,362.55
OLD AGE HOMES AND ORPHANAGES	17,056.99	13,443.94	10,668.29	13,140.10	1,383,000.57	1,437,309.89
SPORTS CLUBS	5,693.24	3,504.35	3,604.25	6,757.89	489,439.47	508,999.20
DEPARTMENT OF TRANSPORT	68,331.37	40,195.32	68,155.20	78,452.64	211,988.37	467,122.90
DEPARTMENT OF PUBLIC WORKS	297,748.67	38,689.49	26,939.93	25,075.18	700,094.19	1,088,547.46

DEPARTMENT OF WELFARE	984.92	2,617.37	876.42	679.08	44,442.93	49,600.72
HOTELS	14,678.32	34,004.85	7,998.55	8,733.84	182,013.14	247,428.70
DEPARTMENT OTHER	8,357.47	9,855.16	1,759.61	2,117.64	221,886.03	243,975.91
DEPARTMENT OF AGRICULTURE	1,838.26	1,259.55	1,006.32	-	36.54	4,140.67
DEPARTMENT OF EDUCATION	557.81	73.84	2.06	2.06	1,218.57	1,854.34
INDUSTRIAL	146.44	157.71	135.80	135.05	5,054.58	5,629.58
DEPARTMENT OF SOCIAL DEVELOPMENT	2,098.65	577.98	16,980.09	-	-	19,656.72
<b>DEBTOR TYPES</b>	<b>3,891,256.33</b>	<b>3,071,243.76</b>	<b>2,542,662.00</b>	<b>2,575,611.89</b>	131,584,060.29	143,664,834.27

- Billing indigent consumers
- Faulty meters
- Insufficient credit control unit staff
- Consumers not willing to pay due to on and off of water supply – drought
- Total billing inclusive of water leaks which consumers are disputing
- Water quality
- Inherited debts from local municipalities

# **2015-2016 ANNUAL PERFORMANCE REPORT**

## **VOLUME 1**

# **ANNUAL FINANCIAL STATEMENT**

## **VOLUME II**

*Auditing to build public*